

# STATE CORPORATION COMMISSION



**One Hundred Fifteenth Annual Report**

of the

**State Corporation Commission**

of

Virginia

*For the Year Ending December 31, 2017*

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**GENERAL REPORT**

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## **Letter of Transmittal**

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### **COMMONWEALTH OF VIRGINIA**

*STATE CORPORATION COMMISSION*

RICHMOND, VIRGINIA, *December 31, 2017*

*To the Honorable Ralph S. Northam*

*Governor of Virginia*

Sir:

We have the honor to transmit herewith the one hundred fifteenth Annual Report of the State Corporation Commission for the year 2017.

Respectfully submitted,

Mark C. Christie, Chairman

James C. Dimitri, Commissioner

Judith Williams Jagdmann, Commissioner

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# State Corporation Commission

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## COMMISSIONERS

\*\* Judith Williams Jagdmann

Chairman

\*James C. Dimitri

Chairman

Mark C. Christie

Commissioner

Joel H. Peck

*Clerk of the Commission*

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\*Term as Chairman expired January 31, 2017

\*\*Elected Chairman effective for term of one year,  
February 1, 2017

## Commissioners

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

The names and terms of office of the Commissioners:

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

### From 1903 through 2017 the lines of succession were:

	Years		Years		Years
Crump	4	Stuart	5	Fairfax	3
Prentis	9	Rhea	18	Willard	4
Garnett	2	Epes	4	Wingfield	8
Lupton	1	Peery	3	Forward	5
Adams	9	Ozlin	11	Williams	1
Fletcher	16	Norris	0	Shewmake	1
Apperson	4	Downs	5	Hooker	47
King	10	Catterall	24	Bradshaw	13
Dillon	14	Harwood	19	Lacy	4
Shannon	25	Moore	13	Morrison	19
Miller	11	Christie	14	Dimitri	9
Jagdmann	12				

### **Preface**

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

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

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



**COMMONWEALTH OF VIRGINIA**  
**STATE CORPORATION COMMISSION**

**RULES OF PRACTICE AND PROCEDURE**

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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**CHAPTER 20****STATE CORPORATION COMMISSION  
RULES OF PRACTICE AND PROCEDURE****PART I.****GENERAL PROVISIONS.***5 VAC 5-20-10. Applicability.*

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

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

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

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

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

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

*5 VAC 5-20-30. Counsel.*

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

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

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

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

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

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

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*5 VAC 5-20-60. Commission staff.*

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

*5 VAC 5-20-70. Informal complaints.*

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

**PART II.**

**COMMENCEMENT OF FORMAL PROCEEDINGS.**

*5 VAC 5-20-80. Regulatory proceedings.*

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

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

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

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

*5 VAC 5-20-90. Adjudicatory proceedings.*

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

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

*5 VAC 5-20-100. Other proceedings.*

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

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

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

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

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

**PART III.**

**PROCEDURES IN FORMAL PROCEEDINGS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 VAC 5-20-170. *Confidential information.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*5 VAC 5-20-200. Briefs.*

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

*5 VAC 5-20-210. Oral argument.*

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

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

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

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

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



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

#### PART IV.

##### DISCOVERY AND HEARING PREPARATION PROCEDURES.

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

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

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

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

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

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

1. A copy of the original subpoena issued by the regulatory agency to the named defendant;
2. An affidavit of the requesting agency administrator stating the basis for the issuance of the subpoena under that state's laws; and
3. A memorandum from the commission's corresponding division director providing the basis for the issuance of the commission subpoena.

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

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

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

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

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

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

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

*5 VAC 5-20-270. Hearing preparation.*

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

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

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

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

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

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

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

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

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

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

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

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Adopted: September 1, 1974

Revised: May 1, 1985 by Case No. CLK850262

Revised: August 1, 1986 by Case No. CLK860572 and Repealed June 1, 2001 by Case No. CLK000311

Adopted: June 1, 2001 by Case No. CLK000311

Revised: January 15, 2008 by Case No. CLK-2007-00005

Revised: February 24, 2009 by Case No. CLK-2008-00002

Revised: August 9, 2011 by Case No. CLK-2011-00001

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**LEADING MATTERS DISPOSED OF BY FORMAL ORDERS  
BUREAU OF FINANCIAL INSTITUTIONS**

**CASE NO. BAN20160174  
APRIL 13, 2017**

APPLICATION OF  
MARWAN DAAMASH

To acquire 25 percent or more of the ownership interest in Infiniti Lending Group LLC d/b/a EZ Title Loans

**ORDER OF APPROVAL**

Marwan Daamash, of Vienna, Virginia, has applied to the State Corporation Commission ("Commission") to acquire 25 percent or more of the ownership of Infiniti Lending Group LLC d/b/a EZ Title Loans, a licensed motor vehicle title lender under Chapter 22 of Title 6.2 of the Code of Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Infiniti Lending Group LLC d/b/a EZ Title Loans by Marwan Daamash is APPROVED, provided that the acquisition takes place within one (1) year from the date of this Order and that the applicant gives written notice to the Bureau stating the date the acquisition occurred within ten (10) days thereafter.

**CASE NO. BAN20160175  
APRIL 20, 2017**

APPLICATION OF  
CASEY S. CRAWFORD

To acquire control of First State Bank

**ORDER OF APPROVAL**

Casey S. Crawford, of Charlotte, North Carolina, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of First State Bank, a Virginia state-chartered bank. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of control of First State Bank by Casey S. Crawford is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20160215  
FEBRUARY 16, 2017**

APPLICATION OF  
BAY BANKS OF VIRGINIA, INC.

To acquire control of Virginia BanCorp Inc.

**ORDER OF APPROVAL**

Bay Banks of Virginia, Inc., a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Virginia BanCorp Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

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Accordingly, IT IS ORDERED THAT the proposed acquisition of Virginia BanCorp Inc. by Bay Banks of Virginia, Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20160216  
FEBRUARY 16, 2017**

APPLICATION OF  
BANK OF LANCASTER

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

**ORDER GRANTING AUTHORITY**

Bank of Lancaster, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with Virginia Commonwealth Bank, a Virginia state-chartered bank. Bank of Lancaster proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The resulting bank will be renamed "Virginia Commonwealth Bank." The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the proposed merger of Virginia Commonwealth Bank into Bank of Lancaster is APPROVED and a certificate of authority to conduct a banking business is GRANTED to Bank of Lancaster, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 100 South Main Street, Kilmarnock, Lancaster County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Virginia Commonwealth Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

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

**CASE NO. BAN20170005  
FEBRUARY 16, 2017**

APPLICATION OF  
ACCESS NATIONAL CORPORATION

To acquire control of Middleburg Financial Corporation

**ORDER OF APPROVAL**

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

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Middleburg Financial Corporation by Access National Corporation is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20170007  
MARCH 23, 2017**

APPLICATION OF  
SOUTHERN NATIONAL BANCORP OF VIRGINIA, INC.

To acquire control of Eastern Virginia Bankshares, Inc.

**ORDER OF APPROVAL**

Southern National Bancorp of Virginia, Inc., a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Eastern Virginia Bankshares, Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Eastern Virginia Bankshares, Inc. by Southern National Bancorp of Virginia, Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20170008  
MARCH 23, 2017**

APPLICATION OF  
SONABANK

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

**ORDER GRANTING AUTHORITY**

Sonabank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with EVB, a Virginia state-chartered bank. Sonabank proposes to be the surviving bank in the merger and seeks authority to operate all of the current offices of the merging banks. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the proposed merger of EVB into Sonabank is APPROVED and a certificate of authority to conduct a banking business is GRANTED to Sonabank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 307 Church Lane, Tappahannock, Essex County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of EVB listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

NOTE: A copy of Attachment A entitled "Offices of EVB" 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 NOS. BAN20170017 & BAN20170018  
MARCH 9, 2017**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE**

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 575 West Monroe Street, Wytheville, Virginia 24382 to 1155 North Fourth Street, Suite 103, Wytheville, Virginia 24382. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the applications are APPROVED provided that the Licensee relocates the office within one (1) year from the date of this Order and the Licensee gives written notice to the Bureau stating the date business was begun at the new office location within ten (10) days thereafter.

**CASE NO. BAN20170028  
APRIL 5, 2017**

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

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

**ORDER GRANTING OTHER BUSINESS AUTHORITY**

Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2215 (18) of the Code of Virginia and 10 VAC 5-210-70 of the Commission's rules governing Motor Vehicle Title Lending, 10 VAC 5-210-10 *et seq.* ("Rules"), for authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the Licensee's motor vehicle title lending offices. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the Bureau's report, finds that the application meets the criteria in Rule 10 VAC 5-210-70 B.

Accordingly, IT IS ORDERED THAT the application is APPROVED subject to the following conditions:

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

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

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

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

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



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

**CASE NO. BAN20170043  
MAY 1, 2017**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE**

Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 714 N. Main Street, Emporia, Virginia 23847 to 524 N. Main Street, Emporia, Virginia 23847. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20170045  
AUGUST 18, 2017**

APPLICATION OF  
BEACON CREDIT UNION, INCORPORATED

To merge with Danville City Employees Federal Credit Union

**ORDER APPROVING A MERGER**

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

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

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 et seq. of the Code of Virginia, the proposed merger of Danville City Employees Federal Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of Danville City Employees Federal Credit Union at 320 Old Riverside Drive, Danville, Virginia 24541. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

**CASE NO. BAN20170058  
OCTOBER 5, 2017**

APPLICATION OF  
BAYLANDS FAMILY CREDIT UNION, INC.

For a certificate of authority to engage in business as a state-chartered credit union upon the conversion of Baylands Federal Credit Union

**ORDER GRANTING AUTHORITY**

Baylands Family Credit Union, Inc., a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 13 of Title 6.2 ("Chapter 13") of the Code of Virginia ("Code"), for a certificate of authority to engage in business as a Virginia state-chartered credit union at 2004 Main Street, West Point, Virginia 23181. Section 6.2-1346 of the Code provides for the conversion of a federal credit union to a Virginia state-chartered credit union. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

The Bureau reports that Baylands Family Credit Union, Inc., has been incorporated under the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code, for the purpose of conducting business as a credit union as provided in Chapter 13. Baylands Family Credit Union, Inc., was formed to be the successor to Baylands Federal Credit Union, which has its main office at 2004 Main Street, West Point, Virginia 23181, and two additional offices located at: (1) 2111 Pocahontas Trail, Quinton, Virginia 23141; and (2) 7031 Richmond Road, Williamsburg, Virginia 23188.

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the requirements of §§ 6.2-1346 and 6.2-1321 of the Code have been met and that a certificate of authority should be granted.

Accordingly, IT IS ORDERED THAT a certificate of authority for Baylands Family Credit Union, Inc., to conduct business as a state-chartered credit union at the specified office locations is GRANTED, provided that the following conditions are met before Baylands Family Credit Union, Inc., commences business:

- (1) Baylands Family Credit Union, Inc., shall obtain insurance for its share accounts from the National Credit Union Share Insurance Fund.
- (2) Baylands Family Credit Union, Inc., shall notify the Bureau of the date on which it will commence business as a state-chartered credit union.

The authority granted herein shall be effective as of the date that Baylands Federal Credit Union ceases to be a federal credit union. Baylands Family Credit Union, Inc., shall be vested with all of the assets and shall continue to be responsible for all of the obligations of Baylands Federal Credit Union to the same extent as though the conversion had not taken place.

If Baylands Family Credit Union, Inc., does not fulfill the foregoing conditions within six (6) months from the date of this Order, the authority granted herein shall expire unless it is extended by the Commission.

**CASE NO. BAN20170074  
JULY 20, 2017**

REQUESTED BY  
HABITAT FOR HUMANITY OF  
WINCHESTER-FREDERICK-CLARKE, INC.

To be designated as a bona fide nonprofit organization

**ORDER GRANTING DESIGNATION**

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

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

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

**CASE NO. BAN20170082  
JULY 31, 2017**

REQUEST BY  
WASHINGTON COUNTY HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

**ORDER GRANTING DESIGNATION**

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

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

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

**CASE NO. BAN20170088  
AUGUST 18, 2017**

APPLICATION OF  
SANDY SPRING BANCORP, INC.

To acquire control of WashingtonFirst Bankshares, Inc.

**ORDER OF APPROVAL**

Sandy Spring Bancorp, Inc., a Maryland financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of WashingtonFirst Bankshares, Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of WashingtonFirst Bankshares, Inc. by Sandy Spring Bancorp, Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20170102  
SEPTEMBER 21, 2017**

APPLICATION OF  
UNITED BANK

To merge with United Bank, Inc.

**ORDER APPROVING A MERGER**

United Bank, a Virginia state-chartered bank ("Applicant"), has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-850 of the Code of Virginia, to merge with United Bank, Inc., a West Virginia state-chartered bank. The Applicant proposes to be the surviving bank in the merger. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the proposed merger will not be detrimental to the safety and soundness of the Applicant; (2) the new officers and directors of the resulting bank are qualified by character, experience, and financial responsibility to direct and manage the resulting bank; and (3) the proposed merger will be in the public interest.

Accordingly, IT IS ORDERED THAT, provided the merging banks comply with the applicable provisions of Article 12 of the Virginia Stock Corporation Act, § 13.1-715.1 *et seq.*, the proposed merger of United Bank, Inc. into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to maintain and operate, in addition to its current offices and facilities, the offices of United Bank, Inc. listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

NOTE: A copy of Attachment A entitled "Offices of United Bank, Inc." 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 NOS. BAN20170104 & BAN20170105  
AUGUST 18, 2017**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE**

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 901 West Broad Street, Suite K, Waynesboro, Virginia 22980, to 2510 West Main Street, Waynesboro, Virginia 22980. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the applications are APPROVED provided that the Licensee relocates the office within one (1) year from the date of this Order and the Licensee gives written notice to the Bureau stating the date business was begun at the new office location within ten (10) days thereafter.

**CASE NO. BAN20170116  
NOVEMBER 21, 2017**

APPLICATION OF  
ZOOM TITLE LOANS LLC

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

**ORDER GRANTING A LICENSE**

Zoom Title Loans LLC ("Applicant"), a Virginia limited liability company, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-2203 of the Code of Virginia, for a license to engage in the business of making motor vehicle title loans at 1082 Elden Street, Herndon, Virginia 20170. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20170117  
OCTOBER 12, 2017**

APPLICATION OF  
CCB BANKSHARES, INC.

For a certificate of authority to begin business as a bank at 800 North Mecklenburg Avenue, South Hill, Mecklenburg County, Virginia

**ORDER GRANTING AUTHORITY**

CCB Bankshares, Inc. ("Applicant"), a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 8 of Title 6.2 of the Code of Virginia, for a certificate of authority to begin business as a bank at 800 North Mecklenburg Avenue, South Hill, Mecklenburg County, Virginia. The application facilitates the merger of the Applicant into Bank of McKenney, a Virginia state-chartered bank. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the public interest will be served by additional banking facilities in Mecklenburg County where the Applicant proposes to be located; (2) all applicable provisions of law have been complied with; (3) financially responsible individuals have subscribed for capital stock and surplus in an amount deemed to be sufficient to warrant successful operation; (4) the oaths of all directors have been taken and filed in accordance with § 6.2-863 of the Code of Virginia; (5) the Applicant was formed in order to conduct a legitimate banking business; (6) 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; and (7) the deposits of the bank are to be insured by the Federal Deposit Insurance Corporation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT a certificate of authority for CCB Bankshares, Inc. to begin business as a bank at the specified location is GRANTED, provided that the Applicant shall not engage in banking business prior to merging with and into Bank of McKenney, as authorized by the Commission in Case No. BAN20170118. If the Applicant does not merge into Bank of McKenney within one (1) year from the date of this Order, the authority granted herein shall expire unless extended by Commission order prior to the expiration date.

**CASE NOS. BAN20170118, & BAN20170119  
AUGUST 30, 2017**

APPLICATIONS OF  
BANK OF MCKENNEY

**ORDER REDUCING FEES**

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

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

**CASE NOS. BAN20170118 & BAN20170119  
OCTOBER 12, 2017**

APPLICATIONS OF  
BANK OF MCKENNEY

For a certificate of authority to conduct a banking business following mergers with Citizens Community Bank and CCB Bankshares, Inc. and for authority to operate the authorized offices of Citizens Community Bank

**ORDER GRANTING AUTHORITY**

Bank of McKenney, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following mergers with Citizens Community Bank, a Virginia state-chartered bank, and its parent, CCB Bankshares, Inc. Bank of McKenney proposes to be the surviving bank in the mergers and seeks authority to operate, in addition to its the currently authorized offices, the authorized offices of Citizens Community Bank. The resulting bank will be renamed "Touchstone Bank." The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the proposed mergers of Citizens Community Bank and CCB Bankshares, Inc. into Bank of McKenney are APPROVED and a certificate of authority to conduct a banking and trust business is GRANTED to Bank of McKenney, effective upon the issuance by the Clerk of the Commission of certificates of merger in the proposed transactions. The resulting bank, which will be renamed "Touchstone Bank," is authorized to operate a main office at 20701 First Street, McKenney, Dinwiddie County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices Citizens Community Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transactions. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

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

**CASE NOS. BAN20170123 & BAN20170124  
AUGUST 31, 2017**

APPLICATIONS OF  
UNION BANKSHARES CORPORATION  
and  
UNION BANK & TRUST

**ORDER REDUCING FEES**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Union Bankshares Corporation, a Virginia financial institution holding company, and its wholly owned subsidiary, Union Bank & Trust, a Virginia state-chartered bank, have filed applications with the Bureau of Financial Institutions ("Bureau") for (i) Union Bankshares Corporation to acquire control of Xenith Bankshares, Inc., a Virginia financial institution holding company; and (ii) Xenith Bank, a Virginia state-chartered bank and wholly owned subsidiary of Xenith Bankshares, Inc., to merge with and into Union Bank & Trust. The Commissioner has also reported to the Commission that the total application fees incident to such filings prescribed by §§ 6.2-704 A and 6.2-908 B 4 of the Code of Virginia and the Commission's October 25, 1990 Administrative Order and April 5, 2016 Clarifying Order would be Fourteen Thousand Five Hundred Dollars (\$14,500); and that Union Bankshares Corporation and United Bank & Trust have requested that the Commission reduce such fees pursuant to its authority granted under § 6.2-908 C of the Code of Virginia. The Commissioner has further reported to the Commission that the basis for the requested reduction in fees is reasonable and that such reduction would not be detrimental to the Bureau's effectiveness.

GOOD CAUSE having been shown, the total fees payable by Union Bankshares Corporation and Union Bank & Trust in connection with the above-referenced applications is hereby reduced to Seven Thousand Five Hundred Dollars (\$7,500). Notwithstanding this reduction, the Commission's October 25, 1990 Administrative Order and April 5, 2016 Clarifying Order shall remain in full force and effect.

**CASE NO. BAN20170123  
OCTOBER 17, 2017**

APPLICATION OF  
UNION BANKSHARES CORPORATION

To acquire control of Xenith Bankshares, Inc.

**ORDER OF APPROVAL**

Union Bankshares Corporation, a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Xenith Bankshares, Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Xenith Bankshares, Inc. by Union Bankshares Corporation is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20170124  
OCTOBER 17, 2017**

APPLICATION OF  
UNION BANK & TRUST

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

**ORDER GRANTING AUTHORITY**

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

NOTE: A copy of the Attachment A (Exhibit C) 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. BAN20170125  
DECEMBER 27, 2017**

APPLICATION OF  
CHRISTIAN COMMUNITY CREDIT UNION

To conduct credit union business in Virginia

**ORDER OF APPROVAL**

Christian Community Credit Union, a California state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1379 A of the Code of Virginia, to conduct business as a credit union at 1801 Dabney Road, Richmond, Virginia 23230. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in § 6.2-1379 A of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application of Christian Community Credit Union to conduct credit union business at 1801 Dabney Road, Richmond, Virginia 23230 is APPROVED.

**CASE NO. BAN20170128  
NOVEMBER 28, 2017**

APPLICATION OF  
TOWNE BANK

To merge with Paragon Commercial Bank

**ORDER APPROVING A MERGER**

Towne Bank, a Virginia state-chartered bank ("Applicant"), has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-850 of the Code of Virginia, to merge with Paragon Commercial Bank, a North Carolina state-chartered bank. The Applicant proposes to be the surviving bank in the merger. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that: (1) the proposed merger will not be detrimental to the safety and soundness of the Applicant; (2) the new officers and directors of the resulting bank are qualified by character, experience, and financial responsibility to direct and manage the resulting bank; and (3) the proposed merger will be in the public interest.

Accordingly, IT IS ORDERED THAT the proposed merger of Paragon Commercial Bank into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to maintain and operate, in addition to its current offices and facilities, the offices of Paragon Commercial Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

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

**CASE NO. BAN20170132  
OCTOBER 6, 2017**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE**

Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 2501 Chamberlayne Avenue, Richmond, Virginia 23222 to 5206 Seminary Avenue, Richmond, Virginia 23227. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20170137  
NOVEMBER 21, 2017**

APPLICATION OF  
BUCKEYE TITLE LOANS OF VIRGINIA, LLC  
D/B/A CHECKSMART CONSUMER LOANS

For authority to establish an additional office

**ORDER APPROVING AN ADDITIONAL OFFICE**

Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to establish an additional office at 4231 E. Little Creek Road, Suite B, Norfolk, Virginia 23518. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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

**CASE NO. BAN20170138  
NOVEMBER 21, 2017**

APPLICATION OF  
BUCKEYE CHECK CASHING OF VIRGINIA, INC.  
D/B/A CHECKSMART

For authority to establish an additional office

**ORDER APPROVING AN ADDITIONAL OFFICE**

Buckeye Check Cashing of Virginia, Inc. d/b/a Check\$mart, a licensed payday lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 18 of Title 6.2 of the Code of Virginia, for authority to establish an additional office at 4231 E. Little Creek Road, Suite B, Norfolk, Virginia 23518. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

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



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**CASE NOS. BAN20170150 & BAN20170151  
OCTOBER 20, 2017**

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

For authority to relocate an office

**ORDER APPROVING RELOCATION OF AN OFFICE**

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 1560 N. Franklin Street, Christiansburg, Virginia 24073, to 428 Peppers Ferry Road, Christiansburg, Virginia 24073. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT the applications are APPROVED provided that the Licensee relocates the office within one (1) year from the date of this Order and the Licensee gives written notice to the Bureau stating the date business was begun at the new office location within ten (10) days thereafter.

**CASE NO. BAN20170160  
NOVEMBER 21, 2017**

REQUEST BY  
HABITAT FOR HUMANITY MICHIGAN FUND, INC.

To be designated as a bona fide nonprofit organization

**ORDER GRANTING DESIGNATION**

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

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

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

**CASE NO. BAN20170163  
DECEMBER 27, 2017**

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

To merge with Piedmont Credit Union

**ORDER APPROVING A MERGER**

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

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

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code of Virginia, the proposed merger of Piedmont Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate service facilities, in addition to its current service facilities, at what are now the offices of Piedmont Credit Union at: 366 Piney Forest Road, Danville, Virginia 24540; (2) 3240 Franklin Turnpike, Danville, Virginia 24540; and (3) 4027 Halifax Road, South Boston, Virginia 24592. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

**CASE NO. BFI-2016-00048  
MARCH 30, 2017**

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

*Ex Parte:* In re: Rules Governing Mortgage Lenders and Brokers, and Mortgage Loan Originators

**ORDER ADOPTING REGULATIONS**

On November 7, 2016, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend the Commission's Rules Governing Mortgage Lenders and Brokers, which are set forth in Chapter 160 of Title 10 of the Virginia Administrative Code, 10 VAC 5-160-10 *et seq.* and its rules governing Mortgage Loan Originators, which are found in Chapter 161 of Title 10 of the Virginia Administrative Code, 10 VAC 5-161-10 *et seq.*

The proposed regulations required mortgage lenders and brokers to renew their licenses at the end of each calendar year, file quarterly mortgage call reports through the Nationwide Mortgage Licensing System and Registry ("Registry"), maintain a transaction journal, and renew approved office locations each calendar year. The proposal also defined several terms and clarified that mortgage lender and broker licensees will receive a single license instead of a license for each approved location. The proposed amendments to 10 VAC 5-161-60 replaced the annual report and report of condition filing requirements for mortgage loan originators with a requirement that quarterly mortgage call reports be filed through the Registry.

The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on November 28, 2016, posted on the Commission's website, and sent to all licensed mortgage lenders, mortgage brokers, mortgage loan originators and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before January 31, 2017.

Comments on the proposed regulations were filed by Meghann Akers of ALCOVA Mortgage, LLC and Philip d'Oronzio of Pilot Mortgage, LLC. The Commission did not receive any requests for a hearing.

Ms. Akers commented that 10 VAC 5-160-25 C imposes an additional demand on licensees by requiring that a loan transaction journal be maintained, and that much of the information in the journal is already reported to a federal regulator. Mr. d'Oronzio expressed concern that principals and owners of small, independent mortgage lenders and/or brokers will be prohibited from originating mortgage loans.

The Bureau considered the comments filed and responded to them in its Statements of Position, which the Bureau filed with the Clerk of the Commission on March 8, 2017. The Bureau declined to make changes to the regulations based upon the comments but did change the date for renewing approved office locations based upon information regarding the Registry. The Bureau otherwise recommended that the Commission adopt the proposed regulations as proposed.

NOW THE COMMISSION, having considered the proposed regulations, the comments filed, the Bureau's Statements of Position, the record herein and applicable law, concludes that the proposed regulations should be modified to incorporate the suggestion made by the Bureau. The Commission further concludes that the proposed regulations, as modified, should be adopted with an effective date of May 15, 2017.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations, as modified herein and attached hereto, are adopted effective May 15, 2017.
- (2) This Order and the attached regulations shall be posted on the Commission's website at: <http://www.scc.virginia.gov/case>.
- (3) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.
- (4) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

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

**CASE NO. BFI-2016-00061  
MAY 24, 2017**

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

**SETTLEMENT ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Washington Home Mortgage, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions ("Bureau") completed an examination of the Defendant and as a result of the examination alleged that the Defendant had violated §§ 6.2-406 A 1, 6.2-406 A 2, 6.2-1612, and 6.2-1614 (1) of the Code as well as 10 VAC 5-160-50, 10 VAC 5-160-60 A 1, 10 VAC 5-160-60 A 2, and 10 VAC 5-160-90 D of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160 10, *et seq.* ("Rules"); and that upon being informed that the Commissioner intended to recommend revocation of the Defendant's license, the Defendant has offered to settle this case by (i) paying a civil penalty in the amount of \$15,000 pursuant to the following schedule: \$5,000 payment on or before May 1, 2017, \$5,000 payment on or before June 1, 2017, and \$5,000 payment on or before July 1, 2017, (ii) agreeing to cease and desist from violating Chapter 16 of Title 6.2 of the Code and the Commission's Rules, (iii) engaging an appropriate third-party or hiring a compliance officer to review Defendant's Virginia loans for compliance with applicable law, and to ensure Defendant files required reports, pays its annual fee, and keeps current its Nationwide Mortgage Licensing System and Registry record, and (iv) waived its right to a hearing in the case.

The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Defendant shall cease and desist from violating Chapter 16 of Title 6.2 of the Code and the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*
- (4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

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

**CASE NO. BFI-2017-00001  
FEBRUARY 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
TIMOTHY SCOTT WENK,  
Defendant

**ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Timothy Scott Wenk ("Defendant") of Midlothian, Virginia, was convicted March 2, 2005, of the felony of issuing bad checks, in violation of § 18.2-1811 of the Code of Virginia ("Code"); pled guilty and was convicted on August 10, 2009, of the felony of embezzlement, in violation of § 18.2-111 of the Code; pled guilty and was convicted on February 9, 2005, of the felony of obtaining money by false pretense, in violation of § 18.2-178 of the Code; and pled guilty and was convicted on October 12, 2006, of the felony of forgery, in violation of § 18.2-172 of the Code. It is the opinion of the Commissioner that the criminal pleas and convictions, along with the acts that led to them, are reasonably related to the qualifications, functions and/or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code.

On January 18, 2017, the Commissioner gave written notice to the Defendant by hand delivery, first class and certified mail (1) of the intention to recommend to the Commission that the Defendant be barred from any position of employment, management, or control of any licensed mortgage lender or mortgage broker pursuant to § 6.2-1620 of the Code; and (2) that a written request for a hearing was required to be filed with the Clerk of the Commission on or before February 3, 2017. No written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant has pled guilty to and been convicted of felonies involving the issuance of bad checks, embezzlement, obtaining money by false pretense and forgery and that

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

the criminal pleas and convictions involved offenses reasonably related to the qualifications, functions or duties of a person employed by, or in a position of management or control of, a licensed mortgage lender or mortgage broker.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant is barred from any position of employment, management, or control of a licensed mortgage lender or mortgage broker.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00004  
FEBRUARY 28, 2017**

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

v.  
SERVICE 1<sup>ST</sup> MORTGAGE, INC.,  
Defendant

**SETTLEMENT ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Service 1<sup>st</sup> Mortgage, Inc. ("Defendant"), is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions learned that the Defendant sent direct mail advertisements to Virginia consumers in November 2016 in violation of § 6.2-1614 (8) of the Code and 10 VAC 5-160-60 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; that the Commission previously ordered the Defendant to cease and desist from this conduct on September 5, 2012; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Five Thousand Dollars (\$5,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in the case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall cease and desist from sending advertisements to Virginia consumers that are false, misleading, or deceptive.
- (3) This case is dismissed and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00005  
APRIL 5, 2017**

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

v.  
BRENDA ANN BLAIR,  
Defendant

**ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Brenda Ann Blair ("Defendant") of Bonita Springs, Florida, pled guilty on December 19, 2014, to the felony of mail fraud in violation of 18 U.S.C. § 1341; that on July 16, 2015, the Defendant was convicted of the felony of mail fraud in the United States District Court for the Eastern District of Virginia, Richmond Division; and that in the opinion of the Commissioner, the criminal plea and conviction involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). On February 3, 2017, the Commissioner gave written notice to the Defendant by first class and certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 3, 2017; and that no written request for a hearing was received or filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant is barred from any position of employment, management, or control of a licensed mortgage lender or mortgage broker.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00006  
MARCH 21, 2017**

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

v.  
RHONDA L. WYLAND a/k/a RHONDA LYNN JEFFERSON,  
Defendant

**ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Rhonda L Wyland a/k/a Rhonda Lynn Jefferson ("Defendant") of Portsmouth, Virginia, pled guilty on October 22, 2012, to the felony of conspiracy to commit wire fraud in violation of 18 U.S.C. § 371; that on April 5, 2013, the Defendant was convicted of the felony of conspiracy to commit wire fraud in the United States District Court for the Eastern District of Virginia, Norfolk Division; and that in the opinion of the Commissioner, the criminal plea and conviction involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). On February 1, 2017, the Commissioner gave written notice to the Defendant by first class and certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 2, 2017; and that no written request for a hearing was received or filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant is barred from any position of employment, management, or control of a licensed mortgage lender or mortgage broker.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00007  
APRIL 5, 2017**

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

v.  
DAVID R. BURRUS, JR.,  
Defendant

**ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that David R. Burrus, Jr. ("Defendant"), of Burns, Tennessee, pled guilty on March 18, 2013, to the felony of conspiracy to commit mail and wire fraud in violation of 18 U.S.C. § 1349; that on August 28, 2013, the Defendant was convicted of the felony of conspiracy to commit mail and wire fraud in the United States District Court for the Eastern District of Virginia, Norfolk Division; and that in the opinion of the Commissioner, the criminal plea and conviction involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). On February 3, 2017, the Commissioner gave written notice to the Defendant by first class and certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 3, 2017; and that no written request for a hearing was received or filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant is barred from any position of employment, management, or control of a licensed mortgage lender or mortgage broker.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00008  
MAY 5, 2017**

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

v.

N A NATIONWIDE MORTGAGE CORP. (USED IN VIRGINIA BY: N A NATIONWIDE MORTGAGE)  
d/b/a NATIONWIDE MORTGAGE,  
Defendant

**SETTLEMENT ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that N A Nationwide Mortgage Corp. (used in Virginia by: N A Nationwide Mortgage) d/b/a Nationwide Mortgage ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Bureau of Financial Institutions ("Bureau") examined the Defendant on August 19, 2016; that as a result of such examination the Bureau alleged that the Defendant had violated §§ 6.2-406 and 6.2-1601 A of the Code as well as 10 VAC 5-160-20 (3), 10 VAC 5-160-20 (11), and 10 VAC 5-160-60 F of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Twelve Thousand Five Hundred Dollars (\$12,500) and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

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

**CASE NO. BFI-2017-00010  
MAY 8, 2017**

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

v.

METFUND MORTGAGE CORPORATION,  
Defendant

**ORDER REVOKING A LICENSE**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that MetFund Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the bond filed by the Defendant pursuant to § 6.2-1604 of the Code was cancelled on February 28, 2017; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 7, 2017, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 7, 2017. As of the date of this Order, the Defendant has not filed a new bond nor has the Commission received a written request for a hearing.

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

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

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Accordingly, IT IS ORDERED THAT:

- (1) The license granted to the Defendant to engage in business as a mortgage broker is hereby revoked.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00011  
APRIL 21, 2017**

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

v.

TIMOTHY SCOTT WENK  
a/k/a TIM SCOTT  
a/k/a TIM WINK  
d/b/a PREMIER CREDIT CONSULTANTS  
a/k/a PREMIER CONSULTING SERVICES,  
Defendant

**CEASE AND DESIST ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Timothy Scott Wenk a/k/a Tim Scott a/k/a Tim Wink d/b/a Premier Credit Consultants a/k/a Premier Consulting Services ("Defendant") is engaging in business as a mortgage broker without a license in violation of § 6.2-1601 of the Code of Virginia ("Code"); is engaging in business as a mortgage loan originator without a license in violation of § 6.2-1701 of the Code; that the Commissioner, pursuant to §§ 6.2-1622 and 6.2-1721 of the Code, gave written notice to the Defendant by certified mail on March 7, 2017, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in business as a mortgage broker without a license, cease and desist from accepting money, fees or other compensation for negotiating, placing or finding mortgage loans for others, or offering to negotiate, place or find mortgage loans for others without a mortgage broker license, and cease and desist from engaging in business as a mortgage loan originator without a license, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 7, 2017, and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant is engaging in business as a mortgage broker and mortgage loan originator without a license in violation of §§ 6.2-1601 and 6.2-1701 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant shall immediately cease and desist from engaging in business as a mortgage broker.
- (2) The Defendant shall immediately cease and desist from accepting money, fees, or other compensation for negotiating, placing or finding mortgage loans for others, or offering to negotiate, place or find mortgage loans for others without a mortgage broker license.
- (3) The Defendant shall immediately cease and desist from engaging in business as a mortgage loan originator.
- (4) This case is dismissed.
- (5) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00013  
MARCH 27, 2017**

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

*Ex Parte:* In re: amendments to motor vehicle title lending regulations

**ORDER TO TAKE NOTICE**

Section 6.2-2214 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall adopt such regulations as it deems appropriate to effect the purposes of Chapter 22 (§ 6.2-2200 *et seq.*) of Title 6.2 of the Code. The Commission's regulations governing licensed motor vehicle title lenders ("licensees") are set forth in Chapter 210 of Title 10 of the Virginia Administrative Code ("Chapter 210").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 210. The proposal expands the definition of "good funds instrument" and adds consumer protections relating to personal identification numbers, the preparation of checks drawn on borrowers' deposit accounts, and false, misleading or deceptive information. Other changes to 10 VAC 5-210-50 address evasions of Chapter 210 and compliance with federal laws and regulations. Amendments to the text of the borrower rights and responsibilities pamphlet have also been proposed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of July 1, 2017.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for a hearing on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before May 12, 2017. Requests for a hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain a reference to Case No. BFI-2017-00013. Interested persons desiring to submit comments or request a hearing electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

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

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

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

**CASE NO. BFI-2017-00013  
JUNE 1, 2017**

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

*Ex Parte*: In re: amendments to motor vehicle title lending regulations

**ORDER ADOPTING REGULATIONS**

On March 27, 2017, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions to amend the Commission's regulations governing licensed motor vehicle title lenders ("licensees"), which are set forth in Chapter 210 of Title 10 of the Virginia Administrative Code ("Chapter 210"), 10 VAC 5-210-10 *et seq.*

The proposed amendments expand the definition of "good funds instrument" and add consumer protections relating to personal identification numbers, the preparation of checks drawn on borrowers' deposit accounts, and false, misleading or deceptive information. In addition, the proposal addresses evasions of Chapter 210 and compliance with federal laws and regulations. The proposed amendments also include changes to the text of the borrower rights and responsibilities pamphlet.

The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on April 17, 2017, posted on the Commission's website, and sent to all licensees and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before May 12, 2017. Comments on the proposed regulations were filed by Erin E. Witte on behalf of the Office of the Attorney General and James W. Speer on behalf of the Virginia Poverty Law Center and several Virginia legal aid programs. Ms. Witte and Mr. Speer expressed support for various provisions contained in the proposal. The Commission did not receive any requests for a hearing.

NOW THE COMMISSION, having considered the proposed regulations, the comments filed, the record herein, and applicable law, concludes that the proposed regulations should be adopted as proposed with an effective date of July 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are adopted effective July 1, 2017.

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

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

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



**CASE NO. BFI-2017-00018**  
**SEPTEMBER 29, 2017**

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

v.  
 OCWEN LOAN SERVICING, LLC  
 Defendant

**SETTLEMENT ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Ocwen Loan Servicing, LLC ("Defendant") is licensed to engage in business as a mortgage lender under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that on February 28, 2015, the states of Florida, Maryland, Massachusetts, Mississippi, Montana, and Washington (collectively the "Examining States") conducted a Multi-State Examination of the Defendant, and as a result of the examination alleged that the Defendant had a deteriorating financial condition and extensive violations of state and federal laws including, but not limited to, improperly reconciling consumer escrow accounts and failing to properly account for funds received or disbursed; that the Multi-State Mortgage Committee, a committee of state regulators, agreed to address enforcement concerns with the Defendant in a collective and coordinated manner; that on April 20, 2017, the Examining States and numerous other state regulators entered orders against the Defendant based on the findings in the Multi-State Examination; that on April 28, 2017, the Bureau gave notice to the Defendant alleging that the Defendant had violated 10 VAC 5-160-20 (1) (iii) and 10 VAC 5-160-20 (9)<sup>1</sup> of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules") by providing false, misleading or deceptive information to borrowers through its improper reconciliations of borrower accounts and by failing to comply with all state and federal laws and regulations applicable to the conduct of the Defendant's business; and that upon being informed that the Commissioner intended to recommend that a cease and desist order be entered against the Defendant and that the Defendant's license be revoked, the Defendant has offered to settle this case by agreeing to (i) cease and desist from violating § 6.2-414 and Chapter 16 of Title 6.2 of the Code and associated Rules, and (ii) comply with Exhibit A, which is attached hereto and made a part hereof, and waived its right to a hearing in the case. The Commissioner has agreed to provide the Defendant with an opportunity to discuss and resolve any allegations that the Defendant has violated this Settlement Order before recommending that a show cause proceeding be instituted, and that he will not recommend that an additional penalty be imposed against the Defendant in regard to the Bureau's aforementioned allegations or any findings as a result of the escrow review described in Exhibit A, as long as the Defendant is in compliance with this Settlement Order.

The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Defendant shall cease and desist from violating § 6.2-414 of the Code, Chapter 16 of Title 6.2 of the Code, and the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*
- (4) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the "Admission and Consent" and "Exhibit 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.

<sup>1</sup> At the time of the alleged violations by the Defendant and the April 28, 2017, notice by the Bureau, this Rule was 10 VAC 5-160-20 (11). The Rule was amended effective May 15, 2017, to the current citation of 10 VAC 5-160-20 (9).

**CASE NO. BFI-2017-00020**  
**JULY 5, 2017**

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

v.  
 VIJAY K. TANEJA,  
 Defendant

**ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Vijay K. Taneja ("Defendant") of Fairfax County, Virginia, pled guilty on November 13, 2008, to the felony of conspiracy to launder money in violation of 18 U.S.C. § 1956 (h); that on January 30, 2009, the Defendant was convicted of the felony of conspiracy to launder money in the United States District Court for the Eastern District of Virginia, Alexandria Division; and that in the opinion of the Commissioner, the criminal plea and conviction involved an offense

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reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). On May 9, 2017, the Commissioner gave written notice to the Defendant by first class and certified mail (1) of his intention to recommend to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 9, 2017; and that no written request for a hearing was received or filed.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant is barred from any position of employment, management, or control of a licensed mortgage lender or mortgage broker.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2017-00023**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00024  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
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CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00025**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00026**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIÉDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
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 PRASAD MART LLC  
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 DR CHECK CASHED INC.  
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 H GROUP SOLUTIONS, INC.  
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 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
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 CASE NO. BFI-2017-00056  
 CASE NO. BFI-2017-00057  
 CASE NO. BFI-2017-00058  
 CASE NO. BFI-2017-00059  
 CASE NO. BFI-2017-00060  
 CASE NO. BFI-2017-00061  
 CASE NO. BFI-2017-00062  
 CASE NO. BFI-2017-00063  
 CASE NO. BFI-2017-00064  
 CASE NO. BFI-2017-00065  
 CASE NO. BFI-2017-00067  
 CASE NO. BFI-2017-00068  
 CASE NO. BFI-2017-00069  
 CASE NO. BFI-2017-00070  
 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00027**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
 CASE NO. BFI-2017-00033  
 CASE NO. BFI-2017-00034  
 CASE NO. BFI-2017-00035  
 CASE NO. BFI-2017-00036  
 CASE NO. BFI-2017-00037  
 CASE NO. BFI-2017-00038  
 CASE NO. BFI-2017-00039  
 CASE NO. BFI-2017-00040  
 CASE NO. BFI-2017-00041  
 CASE NO. BFI-2017-00042  
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 CASE NO. BFI-2017-00046  
 CASE NO. BFI-2017-00048  
 CASE NO. BFI-2017-00049  
 CASE NO. BFI-2017-00050  
 CASE NO. BFI-2017-00051  
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 CASE NO. BFI-2017-00067  
 CASE NO. BFI-2017-00068  
 CASE NO. BFI-2017-00069  
 CASE NO. BFI-2017-00070  
 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00029**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
 CASE NO. BFI-2017-00033  
 CASE NO. BFI-2017-00034  
 CASE NO. BFI-2017-00035  
 CASE NO. BFI-2017-00036  
 CASE NO. BFI-2017-00037  
 CASE NO. BFI-2017-00038  
 CASE NO. BFI-2017-00039  
 CASE NO. BFI-2017-00040  
 CASE NO. BFI-2017-00041  
 CASE NO. BFI-2017-00042  
 CASE NO. BFI-2017-00043  
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 CASE NO. BFI-2017-00046  
 CASE NO. BFI-2017-00048  
 CASE NO. BFI-2017-00049  
 CASE NO. BFI-2017-00050  
 CASE NO. BFI-2017-00051  
 CASE NO. BFI-2017-00052  
 CASE NO. BFI-2017-00053  
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 CASE NO. BFI-2017-00056  
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 CASE NO. BFI-2017-00067  
 CASE NO. BFI-2017-00068  
 CASE NO. BFI-2017-00069  
 CASE NO. BFI-2017-00070  
 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00030**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
 CASE NO. BFI-2017-00033  
 CASE NO. BFI-2017-00034  
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 CASE NO. BFI-2017-00038  
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 CASE NO. BFI-2017-00044  
 CASE NO. BFI-2017-00045  
 CASE NO. BFI-2017-00046  
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 CASE NO. BFI-2017-00050  
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 CASE NO. BFI-2017-00065  
 CASE NO. BFI-2017-00067  
 CASE NO. BFI-2017-00068  
 CASE NO. BFI-2017-00069  
 CASE NO. BFI-2017-00070  
 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00031  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
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CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00032  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
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CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
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CASE NO. BFI-2017-00037  
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CASE NO. BFI-2017-00040  
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CASE NO. BFI-2017-00043  
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CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00033  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
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CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
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CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
CASE NO. BFI-2017-00053  
CASE NO. BFI-2017-00054  
CASE NO. BFI-2017-00055  
CASE NO. BFI-2017-00056  
CASE NO. BFI-2017-00057  
CASE NO. BFI-2017-00058  
CASE NO. BFI-2017-00059  
CASE NO. BFI-2017-00060  
CASE NO. BFI-2017-00061  
CASE NO. BFI-2017-00062  
CASE NO. BFI-2017-00063  
CASE NO. BFI-2017-00064  
CASE NO. BFI-2017-00065  
CASE NO. BFI-2017-00067  
CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00034  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
CASE NO. BFI-2017-00053  
CASE NO. BFI-2017-00054  
CASE NO. BFI-2017-00055  
CASE NO. BFI-2017-00056  
CASE NO. BFI-2017-00057  
CASE NO. BFI-2017-00058  
CASE NO. BFI-2017-00059  
CASE NO. BFI-2017-00060  
CASE NO. BFI-2017-00061  
CASE NO. BFI-2017-00062  
CASE NO. BFI-2017-00063  
CASE NO. BFI-2017-00064  
CASE NO. BFI-2017-00065  
CASE NO. BFI-2017-00067  
CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00035**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00037  
 CASE NO. BFI-2017-00038  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00036  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
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CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
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CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
CASE NO. BFI-2017-00053  
CASE NO. BFI-2017-00054  
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CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00037  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
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CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
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CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00038**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
 CASE NO. BFI-2017-00033  
 CASE NO. BFI-2017-00034  
 CASE NO. BFI-2017-00035  
 CASE NO. BFI-2017-00036  
 CASE NO. BFI-2017-00037  
 CASE NO. BFI-2017-00038  
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 CASE NO. BFI-2017-00045  
 CASE NO. BFI-2017-00046  
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 CASE NO. BFI-2017-00067  
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 CASE NO. BFI-2017-00070  
 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00039**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00038  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00040**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00041  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
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CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
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CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00042**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00043  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
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CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
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CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
CASE NO. BFI-2017-00053  
CASE NO. BFI-2017-00054  
CASE NO. BFI-2017-00055  
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CASE NO. BFI-2017-00057  
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CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00044**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
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 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00045**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

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 CASE NO. BFI-2017-00039  
 CASE NO. BFI-2017-00040  
 CASE NO. BFI-2017-00041  
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 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00046**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00048**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL JC ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00049**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00050**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00051  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
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CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00052**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIÉDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00053**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00054  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
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CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00055**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
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 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
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 INFINITY CASH EXPRESS, LLC

Defendants

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 CASE NO. BFI-2017-00033  
 CASE NO. BFI-2017-00034  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00056**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00057  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
CASE NO. BFI-2017-00053  
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CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00058  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
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CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
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CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
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CASE NO. BFI-2017-00044  
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CASE NO. BFI-2017-00046  
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CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00059**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
 CASE NO. BFI-2017-00033  
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 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00060**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
 CASE NO. BFI-2017-00030  
 CASE NO. BFI-2017-00031  
 CASE NO. BFI-2017-00032  
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 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00061**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00062**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
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 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00063  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIÉDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
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CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00064  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
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CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00065**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00072  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00067  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
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CASE NO. BFI-2017-00042  
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CASE NO. BFI-2017-00044  
CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
CASE NO. BFI-2017-00050  
CASE NO. BFI-2017-00051  
CASE NO. BFI-2017-00052  
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CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00068**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIETADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
 CASE NO. BFI-2017-00027  
 CASE NO. BFI-2017-00029  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00069**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00070  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
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CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
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CASE NO. BFI-2017-00067  
CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00072  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
CASE NO. BFI-2017-00045  
CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
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CASE NO. BFI-2017-00059  
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CASE NO. BFI-2017-00067  
CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00073  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIETADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
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CASE NO. BFI-2017-00031  
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CASE NO. BFI-2017-00068  
CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00074  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
CASE NO. BFI-2017-00026  
CASE NO. BFI-2017-00027  
CASE NO. BFI-2017-00029  
CASE NO. BFI-2017-00030  
CASE NO. BFI-2017-00031  
CASE NO. BFI-2017-00032  
CASE NO. BFI-2017-00033  
CASE NO. BFI-2017-00034  
CASE NO. BFI-2017-00035  
CASE NO. BFI-2017-00036  
CASE NO. BFI-2017-00037  
CASE NO. BFI-2017-00038  
CASE NO. BFI-2017-00039  
CASE NO. BFI-2017-00040  
CASE NO. BFI-2017-00041  
CASE NO. BFI-2017-00042  
CASE NO. BFI-2017-00043  
CASE NO. BFI-2017-00044  
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CASE NO. BFI-2017-00069  
CASE NO. BFI-2017-00070  
CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
CASE NO. BFI-2017-00074  
CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00077**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00078  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
CASE NO. BFI-2017-00025  
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CASE NO. BFI-2017-00046  
CASE NO. BFI-2017-00048  
CASE NO. BFI-2017-00049  
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CASE NO. BFI-2017-00072  
CASE NO. BFI-2017-00073  
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CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00079**  
**AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
 STAR, INC.  
 FIRAS ALQUBLAN D/B/A Z MARKET #1  
 PINE SUPERMARKET, INC.  
 MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
 CW FINANCIAL OF VA LLC  
 UNIDOS SUPERMARKET, INC.  
 HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
 JOHNNY TURNER D/B/A QWIK STOP #1  
 MARIA C. ARGUETA D/B/A LATINO'S MARKET  
 R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
 GOVERNMENT FOOD STORE INC.  
 EZ PAYDAY LOANS OF VIRGINIA LLC  
 SRIDHARAN KRISHNASWAMI  
 JOSEFINA CORPORATION  
 C. M. PATEL & SONS, INC. D/B/A FAST STOP  
 TASLEY, INC.  
 JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
 KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
 JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
 LAKE ANNE MARKET LLC  
 MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
 LINDO AMANECER, LATINO MARKET, INC.  
 ROYAL J C ENTERPRISES, LLC  
 MI TIERRA MERCADO LATINO, INC.  
 FAST BREAK CONVENIENCE STORES, INC  
 JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
 RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
 MIGUEL RODRIGUEZ  
 RUTH Y. LOPEZ  
 VARIEDADES DOLORES INC.  
 DISCOUNT MART  
 LA TAPATIA, INC.  
 JOSE F. NINA  
 WAVERLY STORES, INC.  
 ALFONSO RECALDE  
 I. ANDRADE'S CORPORATION  
 SUNSHINE BUSINESS VENTURES, LLC  
 SONIA MENDOZA MARTINEZ  
 SARA INVESTMENTS, INC.  
 AIRPORT CURRENCY EXCHANGE, INC.  
 EL MERCADITO, INC.  
 DAMIAN LOPEZ  
 PRASAD MART LLC  
 LBLD TREASURY SERVICES LTD.  
 DR CHECK CASHED INC.  
 RODRIGUEZ ENTERPRISES, INC.  
 AMERICANA GROCERY OF VA FAIRFAX, LLC  
 5 DE MAYO GROCERY STORE, LLC  
 H GROUP SOLUTIONS, INC.  
 M NASA INC.  
 EXPRESS SERVICE LLC,  
 INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
 CASE NO. BFI-2017-00024  
 CASE NO. BFI-2017-00025  
 CASE NO. BFI-2017-00026  
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 CASE NO. BFI-2017-00072  
 CASE NO. BFI-2017-00073  
 CASE NO. BFI-2017-00074  
 CASE NO. BFI-2017-00077  
 CASE NO. BFI-2017-00078  
 CASE NO. BFI-2017-00079  
 CASE NO. BFI-2017-00080  
 CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.



**CASE NO. BFI-2017-00080  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

CASE NO. BFI-2017-00023  
CASE NO. BFI-2017-00024  
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CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00083  
AUGUST 1, 2017**

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

v.

STOP & GO, INC. D/B/A STOP & GO  
STAR, INC.  
FIRAS ALQUBLAN D/B/A Z MARKET #1  
PINE SUPERMARKET, INC.  
MARK INVESTMENTS, INC D/B/A FINE FOOD SUPERETTE  
CW FINANCIAL OF VA LLC  
UNIDOS SUPERMARKET, INC.  
HERBERT L. ARMSTRONG D/B/A WAYSIDE GROCERY  
JOHNNY TURNER D/B/A QWIK STOP #1  
MARIA C. ARGUETA D/B/A LATINO'S MARKET  
R.S.A. ENTERPRISES, INC. D/B/A R S EXPRESS  
GOVERNMENT FOOD STORE INC.  
EZ PAYDAY LOANS OF VIRGINIA LLC  
SRIDHARAN KRISHNASWAMI  
JOSEFINA CORPORATION  
C. M. PATEL & SONS, INC. D/B/A FAST STOP  
TASLEY, INC.  
JESSYS GROCERIES, INC. D/B/A JESSYS GROCERY STORE  
KAILASH KAUR D/B/A POTOMAC SATELLITE & CHECK CASH  
JOSE D. CASTRO D/B/A TIENDA LA CENTRAL  
LAKE ANNE MARKET LLC  
MUAWIA ABDEL JALIL D/B/A COMMUNITY SHOP IN  
LINDO AMANECER, LATINO MARKET, INC.  
ROYAL J C ENTERPRISES, LLC  
MI TIERRA MERCADO LATINO, INC.  
FAST BREAK CONVENIENCE STORES, INC  
JESSICA M. CABRERA D/B/A OFICINA MULTI SERVICIOS DE TAXS  
RICHARD C. PHILLIPPI D/B/A IN & OUT CHECK CASHING  
MIGUEL RODRIGUEZ  
RUTH Y. LOPEZ  
VARIEDADES DOLORES INC.  
DISCOUNT MART  
LA TAPATIA, INC.  
JOSE F. NINA  
WAVERLY STORES, INC.  
ALFONSO RECALDE  
I. ANDRADE'S CORPORATION  
SUNSHINE BUSINESS VENTURES, LLC  
SONIA MENDOZA MARTINEZ  
SARA INVESTMENTS, INC.  
AIRPORT CURRENCY EXCHANGE, INC.  
EL MERCADITO, INC.  
DAMIAN LOPEZ  
PRASAD MART LLC  
LBLD TREASURY SERVICES LTD.  
DR CHECK CASHED INC.  
RODRIGUEZ ENTERPRISES, INC.  
AMERICANA GROCERY OF VA FAIRFAX, LLC  
5 DE MAYO GROCERY STORE, LLC  
H GROUP SOLUTIONS, INC.  
M NASA INC.  
EXPRESS SERVICE LLC,  
INFINITY CASH EXPRESS, LLC

Defendants

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CASE NO. BFI-2017-00077  
CASE NO. BFI-2017-00078  
CASE NO. BFI-2017-00079  
CASE NO. BFI-2017-00080  
CASE NO. BFI-2017-00083

**ORDER REVOKING REGISTRATIONS**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are registered to engage in business as check cashers under Chapter 21 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their annual registration fees, as required by § 6.2-2103 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on May 17, 2017, (1) of his intention to recommend revocation of their registrations for failure to pay their annual registration fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before June 19, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' registrations to engage in business as check cashers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their annual registration fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' registrations to engage in business as check cashers are hereby revoked.

**CASE NO. BFI-2017-00109  
OCTOBER 4, 2017**

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

v.

AMERICAN MORTGAGE BROKERS, LLC  
AMERICAN STANDARD MORTGAGE, LLC  
JOHNNY CARR  
ONECITY MORTGAGE LLC  
Defendants

CASE NO. BFI-2017-00109  
CASE NO. BFI-2017-00110  
CASE NO. BFI-2017-00113  
CASE NO. BFI-2017-00126

**ORDER REVOKING LICENSES**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business as mortgage brokers under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their 2017 annual fees, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on August 18, 2017, (1) of his intention to recommend revocation of their licenses for failure to pay their annual fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 18, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' licenses to engage in business as mortgage brokers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their 2017 annual fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' licenses to engage in business as mortgage brokers are hereby revoked.

**CASE NO. BFI-2017-00110  
OCTOBER 4, 2017**

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

v.

AMERICAN MORTGAGE BROKERS, LLC  
AMERICAN STANDARD MORTGAGE, LLC  
JOHNNY CARR  
ONECITY MORTGAGE LLC  
Defendants

CASE NO. BFI-2017-00109  
CASE NO. BFI-2017-00110  
CASE NO. BFI-2017-00113  
CASE NO. BFI-2017-00126

**ORDER REVOKING LICENSES**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business as mortgage brokers under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their 2017 annual fees, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on August 18, 2017, (1) of his intention to recommend revocation of their licenses for failure to pay their annual fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 18, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' licenses to engage in business as mortgage brokers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their 2017 annual fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' licenses to engage in business as mortgage brokers are hereby revoked.

**CASE NO. BFI-2017-00113  
OCTOBER 4, 2017**

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

v.

AMERICAN MORTGAGE BROKERS, LLC  
AMERICAN STANDARD MORTGAGE, LLC  
JOHNNY CARR  
ONECITY MORTGAGE LLC  
Defendants

CASE NO. BFI-2017-00109  
CASE NO. BFI-2017-00110  
CASE NO. BFI-2017-00113  
CASE NO. BFI-2017-00126

**ORDER REVOKING LICENSES**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business as mortgage brokers under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their 2017 annual fees, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on August 18, 2017, (1) of his intention to recommend revocation of their licenses for failure to pay their annual fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 18, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' licenses to engage in business as mortgage brokers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their 2017 annual fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' licenses to engage in business as mortgage brokers are hereby revoked.

**CASE NO. BFI-2017-00126  
OCTOBER 4, 2017**

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

v.

AMERICAN MORTGAGE BROKERS, LLC  
AMERICAN STANDARD MORTGAGE, LLC  
JOHNNY CARR  
ONECITY MORTGAGE LLC  
Defendants

CASE NO. BFI-2017-00109  
CASE NO. BFI-2017-00110  
CASE NO. BFI-2017-00113  
CASE NO. BFI-2017-00126

**ORDER REVOKING LICENSES**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that the Defendants are licensed to engage in business as mortgage brokers under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendants failed to pay their 2017 annual fees, as required by § 6.2-1612 of the Code of Virginia; and that the Commissioner, pursuant to delegated authority, gave written notice to each of the Defendants on August 18, 2017, (1) of his intention to recommend revocation of their licenses for failure to pay their annual fees, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before September 18, 2017. As of the date of this Order, the Commission has not received any written requests for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendants' licenses to engage in business as mortgage brokers.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendants have failed to pay their 2017 annual fees as required by law.

Accordingly, IT IS ORDERED THAT the Defendants' licenses to engage in business as mortgage brokers are hereby revoked.

**CASE NO. BFI-2017-00135  
OCTOBER 4, 2017**

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

v.

FEDERAL HILL MORTGAGE COMPANY, LLC  
Defendant

**SETTLEMENT ORDER**

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Federal Hill Mortgage Company, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia; that the Bureau of Financial Institutions alleged that the Defendant had violated 10 VAC 5-160-50 C and 10 VAC 5-160-90 D of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Five Thousand Dollars (\$5,000) and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

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

Accordingly, IT IS ORDERED THAT:

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

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

**CLERK'S OFFICE****CASE NO. CLK-2017-00002  
APRIL 10, 2017**IN RE:  
NATIONSTAR MORTGAGE, INC.**FINAL ORDER**

On February 23, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Nationstar Mortgage, Inc. ("Nationstar"). The Rule alleged that Nationstar, a Virginia stock corporation, has continued to exceed or abuse the authority conferred upon it by law by continuing to use the name "Nationstar Mortgage" and by failing to take action necessary to cancel or withdraw the name on the records of the Commission, in violation of an order issued by a Federal District Court ("District Court Order").<sup>1</sup>

Among other things, the Rule docketed the case and allowed Nationstar 30 days either to comply with the requirements of the District Court Order or otherwise respond to the Rule. The Rule indicated that Nationstar could comply with the District Court Order by, *inter alia*, "filing with the Commission one or more documents to release the name 'Nationstar Mortgage' on the records of the Commission, such as articles of dissolution and termination of the existence of the corporation or articles of amendment to change the name of the corporation."<sup>2</sup> The Rule further informed Nationstar that, upon failure to timely make a filing as required by the District Court Order or otherwise respond to the Rule, the Commission may enter an order of involuntary termination of the corporate existence of Nationstar.<sup>3</sup>

Nationstar has neither complied with the District Court Order directing that it make an appropriate filing with the Commission nor filed a responsive pleading as required by the Rule.

After providing a stock corporation the opportunity to be heard and show cause why an order should not be entered against it, the Commission may involuntarily terminate the corporate existence of such a corporation pursuant to § 13.1-753 of the Code of Virginia ("Code") when it finds that the corporation has continued to exceed or abuse the authority conferred upon it by law. Here, more than 30 days after service of the Rule and without filing any response, Nationstar has maintained the corporate name "Nationstar Mortgage" and has failed to cancel or change that name on the records of the Commission in violation of the District Court Order.

NOW THE COMMISSION, upon consideration of the Rule, the record and the applicable statutes, finds that Nationstar Mortgage, Inc., has continued to exceed or abuse the authority conferred upon it by law in violation of § 13.1-753 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) The corporate existence of Nationstar Mortgage, Inc., is INVOLUNTARILY TERMINATED upon entry of this Order. The Clerk of the Commission shall promptly make such entries in the records of his office as may be necessary to reflect the relief afforded by this Order.

(2) The Clerk of the Commission shall reserve the name "Nationstar Mortgage" for thirty-five (35) days after the date of this Order and, if so requested by Nationstar Mortgage LLC, a Delaware limited liability company registered to transact business in Virginia under the designated name "Virginia Nationstar Mortgage LLC" (SCC ID No. T018690-0), may release the name for its use in Virginia.

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

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

<sup>1</sup> Order, *Nationstar Mortgage, LLC v. Ahmad et al.*, Civil Action No. 1:14-cv-1751 (E.D. Va., entered Jan. 12, 2016) (attached hereto as Attachment A).

<sup>2</sup> Rule at 2.

<sup>3</sup> *Id.* at 2-3.

**CASE NO. CLK-2017-00004  
OCTOBER 11, 2017**

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

*Ex Parte:* In the matter of Adopting Revisions to the Rules Governing Administration of the Office of the Clerk of the Commission and Uniform Commercial Code Filing Rules

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 12.1-18 of the Code requires the Commission to appoint a clerk of the Commission ("Clerk"), whose duties are set forth in Title 12.1, Chapter 4 of the Code. These duties include charging and collecting certain fees as the Commission may fix by order or rule pursuant to §§ 12.1-20, 12.1-21.1, and 12.1-21.2 of the Code. Additionally, § 8.9A-526 of Virginia's Uniform Commercial Code – Secured Transactions, § 8.9A-101 *et seq.* of the Code, provides that the Commission shall promulgate and make available to the public such rules as it deems necessary to implement Title 8.9A of the Code and in accordance with applicable law.

The rules and regulations issued by the Commission regarding administration of the Office of the Clerk are set forth in Title 5, Chapter 40 of the Virginia Administrative Code ("VAC"). Additionally, the rules and regulations issued by the Commission pursuant to § 8.9A-526 of the Code are set forth in Title 5, Chapter 30 of the VAC. These rules and regulations also may be found on the Commission's website, respectively, at: [www.sec.virginia.gov/clk/lawreg.aspx](http://www.sec.virginia.gov/clk/lawreg.aspx) and [www.sec.virginia.gov/clk/uccrules.aspx](http://www.sec.virginia.gov/clk/uccrules.aspx).

The Office of the Clerk has submitted to the Commission a number of proposed revisions to Chapter 40 and Chapter 30 of Title 5 of the VAC entitled, respectively, "Administration of the Office of the Clerk of the Commission" ("Clerk's Rules") and "Uniform Commercial Code Filing Rules" ("UCC Rules"). Effective July 1, 2017, § 12.1-21.2 of the Code provides that the Commission "may charge and collect the fees as are fixed by order or rule for furnishing and certifying a copy of any document or any information from its records and may charge and collect reasonable fees for providing records from an electronic data processing system, computer database, or any other structured collection of data."

Proposed changes to Rule 5 VAC 5-40-10 ("Fees to be Charged by the Commission") revise the fees for furnishing paper copies of Commission records and the Clerk's certification of those copies. The Clerk currently charges \$.50 per page for paper copies and \$3 for certifying a paper copy. Pursuant to the revisions, the Clerk shall charge: (a) no fee for 25 or fewer pages of paper copies; (b) \$10 if the number of pages copied is between 26 and 50; (c) \$20 if the number of pages copied is 51 or more; and (d) \$6 for certifying a paper copy. The revisions also provide that the Commission may charge and collect reasonable fees for: (a) providing records from a computer database, electronic data processing system, or any other structured collection of data; or (b) for abstracting or summarizing data or creating a record that does not already exist, if the Commission chooses to fulfill such a request.

The Clerk also proposes revisions to the UCC Rules (Chapter 30). Most of the revisions are minor and provide technical amendments to the Rules. In addition, the Clerk requests changes regarding the filing time for certain UCC records based on the type of delivery, changes regarding payment methods, and the requirements regarding the filing of UCC records previously refused for acceptance by the filing office in error.

Proposed changes to Rule 5 VAC 5-30-20 ("Definitions") provide technical revisions to the current definitions of "Filing officer statement" and "Remitter".

Proposed changes to Rule 5 VAC 5-30-30 ("General filing and search requirements") provide technical amendments to subsection A, and revise subsection B regarding the filing time for a UCC record delivered to the filing office for filing by postal delivery, as well as clarifying the filing time for a UCC record delivered to the filing office for filing after regular business hours or on a day when the filing office is not open for business.

Proposed changes to Rule 5 VAC 5-30-40 ("Forms, fees, and payments") revise subsection B 3 regarding the fees for furnishing a copy of a UCC record and for certifying a copy of a UCC record. Additional proposed changes to this rule revise subsection C regarding the method of payment to: (1) allow payment by debit and credit card of a type approved by the filing office if paid in person at the filing office; and (2) allow payment by debit card of a type approved by the filing office for documents delivered to the filing office by authorized electronic delivery, while deleting electronic checks as a method of payment.

Proposed changes to Rule 5 VAC 5-30-50 ("Acceptance and refusal of records; continuation statements") provide technical amendments to subsections A, B and C. The proposals also revise subsection F by deleting the current language stating that a secured party or remitter demonstrate that a UCC record should not have been refused for filing, and by revising the method for determining the filing date and time of such records. The revision proposes that, if it is determined that the filing office refused to accept a UCC record in error, the filing office shall file the UCC record with the filing date and time that were assigned, based on the method of delivery, by the filing office after the record was originally delivered to the filing office for filing.

Proposed changes to Rule 5 VAC 5-30-60 ("Filing and data entry procedures") include technical and clarifying amendments to subsections A and C. The proposal also removes the statement in subsection A that the filing office shall file a filing officer statement "[i]f the correction occurs after the filing office has issued a certification". The recommended changes further propose that a filing officer statement in subsection A shall include other action taken and an explanation of the corrective or other action taken.

Proposed changes to Rule 5-30-70 ("Search requests and reports") include technical amendments to subsections A and C to change "records" to "UCC records".

The Clerk has recommended to the Commission that the proposed revisions should be considered for adoption. The Clerk also has recommended to the Commission that a hearing should be held only if requested by those interested persons who specifically indicate that a hearing is necessary and the reasons therefore.



Upon consideration of the foregoing,

IT IS THEREFORE ORDERED THAT:

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

(2) Comments or requests for hearing on the proposed revisions must be in writing, directed to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and received on or before November 20, 2017. Any request for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain reference to Case No. CLK-2017-00004. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case>. Interested persons may also request a copy of the proposed revisions from the Clerk by telephone, mail or e-mail.

NOTE: A copy of the attachment entitled "Uniform Commercial Code Filing; SCC Clerk's Office Fees" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. CLK-2017-00004  
NOVEMBER 29, 2017**

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

*Ex Parte:* In the matter of Adopting Revisions to the Rules Governing Administration of the Office of the Clerk of the Commission and Uniform Commercial Code Filing Rules

**ORDER ADOPTING REGULATIONS**

On October 11, 2017, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Commission to adopt regulations pursuant to §§ 12.1-20, 12.1-21.1, 12.1-21.2 and § 8.9A-526 of the Code of Virginia. The proposed regulations amend the rules regarding "Administration of the Office of the Clerk of the Commission" ("Clerk's Rules") as well as the "Uniform Commercial Code Filing Rules" ("UCC Rules") under Title 5, Chapters 40 and 30, respectively, of the Virginia Administrative Code.

Among other amendments, the proposed regulations include changes to the fees charged by the Office of the Clerk for furnishing paper copies of Commission records and the certification of those copies. The proposed regulations also amend the Clerk's Rules to allow the Office of the Clerk to charge and collect reasonable fees for: (a) providing records from a computer database, electronic data processing system, or any other structured collection of data; or (b) for abstracting or summarizing data or creating a record that does not already exist, if the Commission chooses to fulfill such a request. Additionally, the proposed regulations include: (a) numerous minor and technical changes to the UCC Rules; and (b) changes regarding the filing time for certain UCC records based on the type of delivery, changes regarding payment methods, and the requirements regarding the filing of UCC records previously refused for acceptance by the filing office in error.

The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on October 30, 2017, posted on the Commission's website, and sent to various interested parties. Interested parties were afforded the opportunity to file written comments or request a hearing on or before November 20, 2017. No comments or requests for a hearing were filed.

Following entry of the Order to Take Notice, several minor and stylistic amendments to the proposed regulations for the UCC Rules have been made. Those amendments are shown in the proposed regulations accompanying this Order Adopting Regulations ("Order") and the Commission is of the opinion that these amendments should be accepted.

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

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations as amended, and attached hereto, are ADOPTED effective December 1, 2017.

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

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

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

NOTE: A copy of the attachment entitled "Uniform Commercial Code Filing; SCC Clerk's Office Fees" 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.

**BUREAU OF INSURANCE****CASE NO. INS-1993-00074  
MAY 5, 2017**COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

AMERICAN FINANCIAL SECURITY LIFE INSURANCE COMPANY,  
Defendant**FINAL ORDER**

American Financial Security Life Insurance Company ("Defendant"), a foreign corporation domiciled in the State of Missouri, is licensed to transact the business of insurance in the Commonwealth of Virginia ("Virginia").

By Order Suspending License ("Order") entered herein April 29, 1993, the Defendant's license was suspended due to an order by the Circuit Court of Cole County, Missouri, appointing the Missouri Department of Insurance as Rehabilitator for the Defendant. The Defendant was purchased out of rehabilitation on July 21, 2008.

On January 4, 2017, Mike Camilleri, President of the Defendant, requested that the Defendant's license to transact the business of insurance in Virginia be reinstated. The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") has reviewed the request, the Defendant's current financial condition, and the Defendant's plan of operation and recommends that the Order be vacated and the Defendant's license be reinstated.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Order entered by the Commission should be, and is hereby, VACATED;
- (2) This case be, and is hereby, CLOSED;
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2011-00233  
FEBRUARY 27, 2017**COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ROCCO DeLEONARDIS, LAND TITLE, LLC, LAND TITLE GROUP, LLC,  
LAND TITLE SETTLEMENTS, LLC, LAND TITLE AMERICA, LLC, and LAND TITLE MARYLAND, LLC,  
Defendants**JUDGMENT ORDER**

On February 15, 2012, the State Corporation Commission ("Commission") entered a Rule to Show Cause against Rocco DeLeonardis, Land Title, LLC, Land Title Group, LLC, Land Title Settlements, LLC, Land Title America, LLC, and Land Title Maryland, LLC (collectively, "Defendants") based upon allegations made by the Commission's Bureau of Insurance ("Bureau"). Specifically, the Bureau alleged that the Defendants violated § 55-525.24 of the Code of Virginia ("Code") by failing to handle funds received in connection with an escrow, settlement, or closing in a fiduciary capacity, and §§ 55-525.27 and 38.2-1809 of the Code, as well as Rule 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by failing to maintain all settlement records for a minimum of five years after the settlement is completed and/or by failing to make all escrow, closing, or settlement records available promptly upon request for examination by the Bureau.

Prior to the scheduled hearing, the Defendants settled the matter with the Commission and the Commission entered a Settlement Order ("Settlement Order") on September 7, 2012. In the Settlement Order, among other things, the Defendants waived their right to a hearing, admitted to the violations alleged by the Bureau, and agreed to pay to the Commonwealth the sum of Thirty Thousand Dollars (\$30,000) in penalties within six months from the date of entry of the Settlement Order, and be permanently enjoined from, directly or indirectly, transacting in the business of insurance or any business related to insurance or the insurance industry.

The Defendants failed to pay the penalties as agreed in the Settlement Order, and currently owe the Commonwealth of Virginia ("Commonwealth") unpaid penalties in the amount of Seven Thousand Seven Hundred Dollars (\$7,700). On January 6, 2017, the Defendants executed a Consent to the Entry of Judgment Order ("Consent to Judgment"), a copy of which is attached hereto, supporting the Commission's entry of a Judgment Order against them. In the Consent to Judgment, the Defendants agreed to the following terms and conditions:

- (1) The Defendants shall pay to the Commonwealth the remaining civil penalty owed in the amount of Seven Thousand Seven Hundred Dollars (\$7,700); and,

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(2) The Defendants are permanently enjoined from, directly or indirectly, transacting in the business of insurance or any business related to insurance or the insurance industry.

NOW THE COMMISSION, upon consideration of the Rule to Show Cause, Settlement Order, Consent to Judgment, the record, and the applicable law, is of the opinion and finds that this matter should be opened for the sole purpose of entering a judgment, and that judgment should be entered against the Defendants.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is opened for the sole purpose of entering a judgment against the Defendants.
- (2) The Defendants shall pay a civil penalty in the amount of Seven Thousand Seven Hundred Dollars (\$7,700).
- (3) The Defendants are permanently enjoined from, directly or indirectly, transacting in the business of insurance or any business related to insurance or the insurance industry.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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. INS-2016-00080  
JANUARY 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ADAM JOHN DARGIE,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adam John Dargie ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated July 19, 2016, and November 2, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing, has failed to request a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00199  
NOVEMBER 20, 2017**

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

v.

ERIK LEE BROCKDORFF, II,  
Defendant

**FINAL ORDER**

On October 23, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Insurance ("Bureau") alleging that Erik Lee Brockdorff, II ("Defendant"), violated § 38.2-518 F of the Code of Virginia ("Code") by knowingly preparing and submitting a certificate of insurance that contained false and misleading information.<sup>1</sup> Among other things, the Rule assigned the matter to a Hearing Examiner, scheduled a hearing for December 12, 2017, and permitted the Defendant to contact the Commission to offer to negotiate a settlement.<sup>2</sup>

On November 1, 2017, the Bureau filed a Motion for Ruling Recommending Acceptance of Defendant's Offer of Settlement and Cancellation of Hearing Date ("Motion"). In the Motion, the Bureau represented that Brockdorff had contacted the Bureau and made a written offer of settlement.<sup>3</sup> The Bureau attached to the Motion a settlement offer signed by the Defendant wherein the Defendant acknowledged receipt of the Rule and waived his right to a hearing if the Commission accepts settlement of the following terms: (1) the Defendant would pay \$2,500 for violating § 38.2-518 F of the Code; and (2) a permanent injunction would be issued against the Defendant forbidding any further violation of § 38.2-518 F of the Code.<sup>4</sup> The Bureau also represented in the Motion that it had received the penalty payment offered by the Defendant for violation of § 38.2-518 F of the Code and that the Bureau is in agreement with the terms of the Defendant's offer of settlement.<sup>5</sup>

On November 6, 2017, the Hearing Examiner filed his report ("Report") which thoroughly summarized the factual and procedural history of this case. In his Report, the Hearing Examiner cancelled the hearing date and found, based on the agreement between the Defendant and the Bureau, that:

- (1) The Bureau's Motion should be granted.
- (2) The Commission should accept the Defendant's offer of a civil penalty in the amount of \$2,500 for violation of § 38.2-518 F of the Code.
- (3) The Defendant should be permanently enjoined from any further violation of § 38.2-518 F of the Code.

The Hearing Examiner recommended that the Commission adopt the findings and recommendations in the Report, enjoin the Defendant as described above, and place the papers in this case into the file for ended causes. Additionally, the Report allowed the parties seven (7) days from the date of the Report to file comments. Neither the Defendant nor the Bureau filed comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 6, 2017 Report are hereby adopted.
- (2) The Defendant is hereby PENALIZED in the amount of \$2,500.
- (3) The Defendant is hereby PERMANENTLY ENJOINED from further violation of § 38.2-518 of the Code.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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<sup>1</sup> Rule at 1-2.

<sup>2</sup> *Id.* at 2-3.

<sup>3</sup> Motion at 1.

<sup>4</sup> *Id.* at Exhibit A.

<sup>5</sup> *Id.* at 2.

**CASE NO. INS-2016-00220  
OCTOBER 20, 2017**

PETITION OF  
DEUTSCHE BANK NATIONAL TRUST COMPANY

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

**FINAL ORDER**

On December 20, 2011, the Circuit Court of the City of Richmond entered an order in Case No. CL11005660-00 appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title"). On the same date, the Commission, by Order Appointing Deputy Receiver for Conservation and Rehabilitation, appointed Jacqueline K. Cunningham, Commissioner of Insurance for the Commission's Bureau of Insurance, as Deputy Receiver ("Deputy Receiver"), in accordance with Title 38.2, Chapter 15 of the Code of Virginia.<sup>1</sup> Pursuant to her grant of authority, the Deputy Receiver in her Second Directive Adopting Receivership Appeal Procedure<sup>2</sup> established appeal procedures for appeals or challenges of any decision made with respect to claims against Southern Title.

On August 16, 2016, Deutsche Bank National Trust Company, as Trustee for GSAMP Trust 2004-AHL, Pooling and Servicing Agreement dated as of October 1, 2004, Successor in Interest to Accredited Home Lenders, Inc. ("Deutsche Bank" or "Petitioner"), by counsel, and pursuant to the Supplemental Rules of Practice and Procedure in Aid of Receivership Proceedings and Order in Aid of Receivership entered by the Commission,<sup>3</sup> filed with the Clerk of the Commission a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition").

By Order entered on August 22, 2016, the Commission docketed the Petition, directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition, and assigned the case to a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and file a final report.

Thereafter, the Deputy Receiver and the Petitioner made a number of procedural filings. These included: the Deputy Receiver's Answer to Petition for Review, and a Motion for Summary Judgment ("Motion") filed September 9, 2016; Deutsche Bank's Response in Opposition to Deputy Receiver's Motion for Summary Judgment filed September 26, 2016; the Deputy Receiver's Reply in Support of Deputy Receiver's Motion for Summary Judgment filed October 7, 2016; and the Deputy Receiver's Motion for Leave to Amend Answer ("Motion to Amend Answer") and Amended Answer to Petition for Review ("Amended Answer") filed on November 8, 2016.

By Hearing Examiner's Ruling entered on November 1, 2016, the Deputy Receiver's Motion was denied. By Hearing Examiner's Ruling entered on January 6, 2017, the parties agreed to a procedural schedule for the case.

By Hearing Examiner's Ruling entered on January 10, 2017, the Deputy Receiver's Motion to Amend Answer was granted, and the Deputy Receiver's Amended Answer was accepted for filing.

The evidentiary hearing was convened as scheduled on May 24, 2017. Deutsche Bank appeared by its counsel, Garrett H. Hooe, Esquire. The Deputy Receiver appeared by her counsel, Pierre J. Riou, Esquire. Deutsche Bank presented the testimony of Howard R. Handville, Senior Loan Analyst for Ocwen Financial Corporation, a loan servicing company.<sup>4</sup> The Deputy Receiver presented the testimony of Thomas R. Rowe, Associate Counsel for Southern Title.<sup>5</sup> By agreement, the parties stipulated to certain undisputed facts and exhibits.<sup>6</sup> Post hearing briefs were filed by Deutsche Bank and the Deputy Receiver on July 19, 2017.

**Factual Background**

On April 13, 2000, Graham and Sandra Richardson ("Richardsons") acquired the property located at 1290 Trinity Church Road, Canton, Georgia 30115 ("Property") by warranty deed for the construction of their home.<sup>7</sup> On or about September 4, 2001, the Richardsons purchased their home from Brentwood Corporation.<sup>8</sup> Wells Fargo provided financing, and the mortgage loan of \$238,500 was secured by a first-in-priority deed filed in the Superior Court of Cherokee County, Georgia, on or about November 30, 2001.<sup>9</sup>

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

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

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

<sup>4</sup> Ex. 24.

<sup>5</sup> Ex. 25.

<sup>6</sup> Ex. 23, Undisp. fact No. 1.

<sup>7</sup> Ex. 11 (STIC 000207-000208).

<sup>8</sup> Ex. 11 (STIC 000201 and 000206).

<sup>9</sup> Ex. 11 (STIC 000203 and 000250).

On or about November 7, 2001, the Richardsons also obtained a home equity line of credit ("HELOC") from First Union National Bank ("First Union").<sup>10</sup> The HELOC was secured by an Open-End Deed to Secure Debt ("HELOC Security Deed") filed in the Superior Court of Cherokee County, Georgia, on December 4, 2001.<sup>11</sup> The maximum indebtedness on the HELOC Security Deed could not exceed \$26,500 at any one time.<sup>12</sup>

In May of 2004, the Richardsons refinanced their home by executing a mortgage loan in the sum of \$248,000 ("Loan") to Accredited Home Lenders, Inc. ("Accredited").<sup>13</sup> As security for the Loan, the Richardsons executed a Security Deed to Mortgage Electronic Registration Systems, Inc., as nominee for Accredited, which was recorded on May 26, 2004 ("Security Deed").<sup>14</sup>

The HUD-1 also indicates that the Richardsons were also taking out a second mortgage to pay off the HELOC.<sup>15</sup> However, the funds from the second mortgage were never used to dispose of the HELOC, leaving the HELOC Security Deed as an encumbrance on the property. These funds remain unaccounted for.<sup>16</sup>

Southern Title issued an insurance policy, effective May 26, 2004, to Accredited.<sup>17</sup> The policy insured against loss or damage sustained due to the priority of any other lien over the Security Deed.<sup>18</sup>

In June of 2011, Accredited commenced foreclosure proceedings against the Richardsons.<sup>19</sup> On July 11, 2011, counsel to Accredited ("Foreclosure Counsel") ordered a limited title search which revealed that the HELOC Security Deed remained an encumbrance on the Property.<sup>20</sup> On July 12, 2011, Foreclosure Counsel provided a notice of claim to Attorney's Title Insurance Fund, Inc. ("ATIF").<sup>21</sup>

On July 18, 2011, ATIF agreed, upon completion of foreclosure proceedings and vesting of title to its insured, to indemnify any title insurance company allowing that company to issue its title insurance policy without having to accept the HELOC.<sup>22</sup> However, this claim was ultimately rejected by ATIF because it was Southern Title, not ATIF that had provided title insurance coverage on the HELOC.<sup>23</sup> This error came about because Ron Eckland, the Richardson's Settlement Agent, had issued an ATIF closing protection letter on May 19, 2004.<sup>24</sup> This letter remained in the loan file.<sup>25</sup>

On July 27, 2011, the Security Deed was assigned to Deutsche Bank, and Deutsche Bank became the successor in interest to Accredited under the Security Deed and the Policy.<sup>26</sup>

On December 6, 2011, subsequent to the Richardsons default on the Loan, Deutsche Bank foreclosed on the Property, and placed the winning bid at the foreclosure sale with a bid of \$211,000.00.<sup>27</sup> An appraisal dated December 12, 2011, placed the fair market value of the property at \$290,000.<sup>28</sup>

<sup>10</sup> Ex. 1. Through a series of mergers, First Union was acquired by Wachovia Bank N.A., which was later acquired by Wells Fargo Bank N.A. ("Wells Fargo").

<sup>11</sup> Id.

<sup>12</sup> Ex. 23, Undisp. fact No. 6.

<sup>13</sup> Ex. 23, Undisp. fact No. 2.

<sup>14</sup> Ex. 23, Undisp. fact No. 3; Ex. 2.

<sup>15</sup> Ex. 11 (STIC-000250).

<sup>16</sup> Report of Michael D. Thomas, Hearing Examiner, August 25, 2017 at 6. (hereinafter, "Report").

<sup>17</sup> Ex. 23, Undisp. fact No. 4; Ex. 3.

<sup>18</sup> Id.

<sup>19</sup> Report at 23.

<sup>20</sup> Id. at 23-24.

<sup>21</sup> Ex. 11 (STIC 000242).

<sup>22</sup> Id.

<sup>23</sup> Ex. 13 (STIC 000296-000297)

<sup>24</sup> Report at 10 (citing Ex. 11).

<sup>25</sup> Id.

<sup>26</sup> Ex. 23, Undisp. fact No. 8; Ex. 4.

<sup>27</sup> Ex. 23, Undisp. fact No. 9; Ex. 5.

<sup>28</sup> Ex. 23, Undisp. fact No. 10; Ex. 6.

A December 20, 2012 Property Tax Statement from Cherokee County placed the fair market value of the Property at \$209,200.<sup>29</sup> The Richardsons' outstanding Loan amount as of May 1, 2012, was \$245,201.14.<sup>30</sup>

On May 1, 2012, the HELOC Security Deed was foreclosed, and the winning bidder at the sale was Pioneer Capital, LLC, with a bid of \$36,500.<sup>31</sup> Deutsche Bank received no prior notice of the HELOC Security Deed foreclosure.<sup>32</sup> The HELOC Security deed was dated December 4, 2001, making it prior-in-time to Deutsche Bank's Security Deed.<sup>33</sup> Consequently, Deutsche Bank's interest in the Property was wiped out.<sup>34</sup>

On June 29, 2012, a representative of Ocwen, the loan servicer for the Richardsons' Loan, filed a claim with Southern Title after receiving final notice of denial of claim from ATIF on June 8, 2012.<sup>35</sup>

On April 12, 2016, the Deputy Receiver issued a Notice of Claim Determination finding that Deutsche Bank's claim was timely filed, and approving the claim for \$36,500.<sup>36</sup> Deutsche Bank timely appealed the Notice of Claim Determination on May 10, 2016.<sup>37</sup>

The Deputy Receiver denied Deutsche Bank's appeal request on July 18, 2016; subsequently Deutsche Bank timely appealed the Deputy Receiver's Determination of Appeal on August 15, 2016.<sup>38</sup>

#### Hearing Examiner's Report

On August 25, 2017, the Hearing Examiner issued his Report, which summarized the factual and procedural history of the case, as well as the evidence and arguments presented at the hearing. The Hearing Examiner addressed the following substantive issues raised by the parties: (i) whether Deutsche Bank provided Southern Title with "prompt" notice of its claim under the policy, (ii) whether Deutsche Bank's notice of claim was untimely, and if so, whether Southern Title was prejudiced by the delay in notice, (iii) whether Southern Title waived its right to rely on the notice provisions of the policy, and (iv) whether Southern Title properly determined the dollar amount of Deutsche Bank's claim.

The Hearing Examiner found that, as preliminary matters, the standard of review of the Deputy Receiver's Determination of Appeal is *de novo*, that Georgia laws govern the interpretation of the policy, and Virginia law controls all questions of procedure, burden of proof, and sufficiency of the evidence.<sup>39</sup>

The Hearing Examiner first considered whether Deutsche Bank provided prompt notice as required by the Policy. The Policy provides that prompt notice is a condition precedent to coverage.<sup>40</sup> There is an exception to this requirement that provides that if an insured fails to provide prompt notice, coverage remains in effect as long as Southern Title is not prejudiced by the delay.<sup>41</sup> Pursuant to the Policy, to the extent the delay in notice increased Southern Title's liability, the increase in liability is not covered under the Policy.

Foreclosure on the Property began under Deutsche Bank's predecessor-in-interest, when Foreclosure Counsel performed a limited title search on June 8, 2011, whereupon Foreclosure Counsel discovered the title defect.<sup>42</sup> Based on the erroneous assumption that ATIF had issued the title insurance policy, Foreclosure Counsel notified ATIF of the title defect via a letter dated July 12, 2011.<sup>43</sup> Had Foreclosure Counsel contacted ATIF to verify coverage or provide a copy of the policy, this error could have been avoided.

ATIF responded to Foreclosure Counsel's letter on July 18, 2011, and agreed upon completion of the foreclosure process and vesting of title to their insured to issue a Letter of Indemnification to allow another insurer to issue a title insurance policy without having to absorb the HELOC Security

<sup>29</sup> Ex. 23, Undisp. fact No. 16, Ex. 18.

<sup>30</sup> Report at 9.

<sup>31</sup> Ex. 23, Undisp. fact No. 21; Ex. 20 at 1-2 and n.2.

<sup>32</sup> Report at 9.

<sup>33</sup> Id. at 10.

<sup>34</sup> Id.

<sup>35</sup> Ex. 23, Undisp. fact No. 15; Ex. 10.

<sup>36</sup> Ex. 23, Undisp. fact No. 21; Ex. 20 at 1-2 and n.2.

<sup>37</sup> Ex. 23, Undisp. fact No. 22; Ex. 21.

<sup>38</sup> Ex. 23, Undisp. fact No. 25.

<sup>39</sup> Report at 20.

<sup>40</sup> Ex. 3 at 8.

<sup>41</sup> Id.

<sup>42</sup> Ex. 11 (STIC-000199 to 000200).

<sup>43</sup> Ex. 11 (STIC-000242).

Deed.<sup>44</sup> There was no additional contact between ATIF and Foreclosure Counsel through the foreclosure sale on December 6, 2011, at which point neither Foreclosure Counsel nor Deutsche Bank had filed a notice of claim with Southern Title. In addition, no efforts were made by Foreclosure Counsel or Deutsche Bank to resolve the title defect or to cure the default on the HELOC loan.

The Petitioner argues that Foreclosure Counsel timely submitted its claim to ATIF, and it justifiably relied upon ATIF's agreement to indemnify Accredited.<sup>45</sup> The Petitioner asserts that upon receipt of ATIF's denial of its claim, it promptly notified Southern Title of its claim.<sup>46</sup>

The Deputy Receiver argues that the Petitioner did not provide notice of the claim to Southern Title until June 29, 2012, more than a year after Accredited had notice of the claim, and more than seven months after Deutsche Bank had foreclosed upon its lien.<sup>47</sup> The Deputy Receiver contends that the notice provided is not prompt as a matter of law because it was so late as to deprive Southern Title of the opportunity to investigate and cure the title defect.<sup>48</sup>

It was apparent as early as June of 2011 that there was a defect in the title to the Property. Southern Title did not receive a notice of claim until June 29, 2012. The Hearing Examiner concluded that a sophisticated multinational banking organization like Deutsche Bank should not be excused for such an extensive delay in notice.<sup>49</sup> The Hearing Examiner concluded that as a matter of law, Deutsche Bank's notice to Southern Title was not "prompt."<sup>50</sup>

The Hearing Examiner next considered whether the failure to provide prompt notice prejudiced Southern Title. The Petitioner contends that Southern Title has not shown that it was prejudiced by Deutsche Bank's June 29, 2012 notice.<sup>51</sup> The Deputy Receiver argues that by the time Deutsche Bank provided Southern Title with notice of its claim, it was too late for Southern Title to cure the title defect.<sup>52</sup> Had Southern Title been provided notice of the claim to Southern Title prior to December 2011, Southern Title could have acted to satisfy the HELOC deed. Because the maximum amount of indebtedness of the HELOC loan could not exceed \$26,500 Southern Title's maximum liability would have been \$26,500.<sup>53</sup> By failing to promptly notify Southern Title of its claim, Deutsche Bank increased Southern Title's liability to \$245,201.14, the amount owed by the Richardsons under the Security Deed.<sup>54</sup> The Hearing Examiner concluded that Southern Title was prejudiced by Deutsche Bank's delay in filing notice of its claim.<sup>55</sup>

In considering whether Southern Title waived its right to rely on the notice provision of the Policy, the Hearing Examiner notes that although parties in contract may choose to waive a contractual right under Georgia law, the law will not infer a waiver unless the party "clearly and unmistakably" intended to waive that right.<sup>56</sup> The party asserting waiver as an affirmative defense bears the burden of proof.<sup>57</sup> The Petitioner contends that by approving Deutsche Bank's claim, Southern Title has waived its right to rely on the prompt notice provision of the Policy.<sup>58</sup> The Deputy Receiver argues that the Notice of Claim determination "expressly reserves and retains the right to assert any and all defenses to [the] claim, whether or not they have been raised in this determination" should the Notice of Claim determination be appealed.<sup>59</sup> The only evidence that Southern Title waived its notice defense is that Southern Title approved Deutsche Bank's claim.<sup>60</sup> However, Southern Title may have had some obligation under the policy even if notice wasn't timely.<sup>61</sup> Accordingly, the Hearing Examiner concluded that Southern Title did not clearly and unmistakably waive its right to rely on the notice provisions of the Policy.

In considering whether the Deputy Receiver properly determined the dollar amount of the Petitioner's claim, the Hearing Examiner states that under Georgia law, a title insurer's liability to a mortgagee is measured using the foreclosure date because the foreclosure date is when the insured actually

<sup>44</sup> Id. (STIC-000291).

<sup>45</sup> Deutsche Bank's Post-Hearing brief at 10.

<sup>46</sup> Id. at 11.

<sup>47</sup> Deputy Receiver's Post-Hearing brief at 9.

<sup>48</sup> Id. at 11.

<sup>49</sup> Id. at 23.

<sup>50</sup> Id.

<sup>51</sup> Deutsche Bank's Post-Hearing brief at 14.

<sup>52</sup> Deputy Receiver's Post-Hearing brief at 10-11.

<sup>53</sup> Report at 26.

<sup>54</sup> Id.

<sup>55</sup> Id.

<sup>56</sup> Id. (citing *Accurate Printers, Inc. v. Stark*, 295 Ga. App. 172, 177, 671 S.E.2d. 228, 232 (2008)).

<sup>57</sup> Id. (citing *Mortensen v Fowler-Flemister Concrete, Inc.*, 252 Ga. App. 395, 396, 555 S.E.2d. 482, 494 (2001)).

<sup>58</sup> Deutsche Bank's Post-Hearing brief at 15.

<sup>59</sup> Deputy Receiver's Post-Hearing brief at 15 (citing Ex. 20 at 3).

<sup>60</sup> Report at 27.

<sup>61</sup> Id.



incurred the loss.<sup>62</sup> The loss covered by the Policy was incurred when Deutsche Bank foreclosed, not when the HELOC lender foreclosed.<sup>63</sup> Thus, the maximum liability faced by Southern Title on the foreclosure date of December 2011 was \$26,500; any amount beyond that represents prejudice to Southern Title incurred by Deutsche Bank's delay in filing notice of its claim.<sup>64</sup> Based upon these facts the Hearing Examiner concluded that Southern Title incorrectly calculated the amount of Deutsche Bank's claim. Deutsche Bank's claim should be approved for \$26,500.<sup>65</sup>

The Hearing Examiner recommended that the Commission enter an order adopting his findings; denying Deutsche Bank's Petition for Appeal; reversing the Deputy Receiver's Notice of Claim Determination; approving Deutsche Bank's Claim in the amount of \$26,500; and passing the papers herein to the file for ended causes.

The Report provided a comment period of 21 days. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Deutsche Bank's Petition should be denied, and its claim should be approved in the amount of \$26,500.

Accordingly, IT IS ORDERED THAT:

- 1. Deutsche Bank's Petition for Appeal is DENIED.
- 2. The Deputy Receiver's Notice of Claim Determination is REVERSED.
- 3. Deutsche Bank's Claim in the amount of \$26,500 is APPROVED.
- 4. The case is dismissed, and the papers herein shall be passed to the file for ended causes.

<sup>62</sup> Id. (citing *Old Republic Nat'l Title Ins. Co.*, 337 Ga. App 638, 642-43, 788 S.E.2d. 542, 548-49 (2016)).

<sup>63</sup> Id.

<sup>64</sup> Id.

<sup>65</sup> Id.

**CASE NO. INS-2016-00221  
MARCH 1, 2017**

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

v.

OPTIMUM CHOICE, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Optimum Choice, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of a health maintenance organization in the Commonwealth of Virginia ("Virginia"), violated: §§ 38.2-316 A, 38.2-316 B, and 38.2-316 C of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; §§ 38.2-503 and 38.2-4312 of the Code, as well as 14 VAC 5-90-50 B, 14 VAC 5-90-55 A, 14 VAC 5-90-60 B (1), 14 VAC 5-90-60 B (3), 14 VAC 5-90-120 A, 14 VAC 5-90-130 A, and 14 VAC 5-90-170 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertising requirements; §§ 38.2-510 A (15) and 38.2-4306.1 B of the Code by failing to comply with claim settlement practices; § 38.2-1812 A of the Code by paying commissions for services as an agent to persons who were not properly licensed and appointed; § 38.2-1822 A of the Code by knowingly permitting unlicensed persons to act as agents; § 38.2-1833 A (1) of the Code by failing to comply with agent appointment requirements; § 38.2-3407.3 A of the Code by failing to comply with calculation of cost-sharing provisions; § 38.2-3407.4 B of the Code by failing to comply with explanation of benefits requirements; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), 38.2-3407.15 B (3), 38.2-3407.15 B (5), 38.2-3407.15 B (7), 38.2-3407.15 B (8), and 38.2-3407.15 B (10) of the Code by failing to comply with ethics and fairness requirements for business practices; § 38.2-3439 A (2) of the Code by failing to comply with dependent coverage for individuals to age 26 provisions; § 38.2-4306 A (2) of the Code by failing to comply with policy and form requirements; § 38.2-4313 of the Code by failing to comply with licensing of agents provisions; § 38.2-5804 A of the Code by failing to comply with procedures to establish and maintain an approved complaint system for each of its Managed Care Health Insurance Plans; and 14 VAC 5-211-60 A,<sup>1</sup> 14 VAC 5-211-80 B, 14 VAC 5-211-90 B, and 14 VAC 5-211-150 A of the Commission's Rules Governing Health Maintenance Organizations, 14 VAC 5-211-10 *et seq.*, by failing to comply with provisions related to health maintenance organizations.

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

<sup>1</sup> 14 VAC 5-211-60 was repealed effective January 1, 2015. See Virginia Register Volume 31, Issue 03.

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Forty-nine Thousand Dollars (\$49,000), waived its right to a hearing, and agreed to comply with the corrective action plan contained in the target market conduct examination report as of June 30, 2013.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00223  
FEBRUARY 13, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing the Reporting of Cost and Utilization Data Relating to Mandated Benefits and Mandated Providers

**ORDER ADOPTING REVISIONS TO RULES**

On December 5, 2016, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing the Reporting of Cost and Utilization Data Relating to Mandated Benefits and Mandated Providers set forth in Chapter 190 of Title 14 of the Virginia Administrative Code ("Rules").

Section 38.2-3419.1 of the Code of Virginia ("Code") requires that certain insurers, health services plans, and health maintenance organizations report to the Commission no less often than biennially cost and utilization information for each of the mandated benefits and providers set forth in Article 2 of Chapter 34 of Title 38.2 of the Code. These amendments were proposed by the Bureau of Insurance ("Bureau") to make the reporting process related to costs and utilization associated with mandated benefits and mandated providers more efficient, while continuing to provide the information required by § 38.2-3419.1 of the Code.

The Order required that on or before January 31, 2017, any person requesting a hearing on the amendments to the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk.

The Order also required any interested persons to file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before January 31, 2017. No comments were filed with the Clerk.

Although the Bureau did not receive any comments in support of or in opposition to the amendments to the Rules, upon further consideration, the Bureau recommends that the May 1, 2017 date cited in subsection A of 14 VAC 5-190-50 be amended to May 1, 2018. This amendment clarifies that no Form 190-A reports are required to be filed in 2017, but instead, that health insurance issuers required to file reports with the Bureau must do so by May 1, 2018, and every other year thereafter.

NOW THE COMMISSION, having considered the proposed amendments and the Bureau's recommendation, is of the opinion that the attached amendments to the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing the Reporting of Cost and Utilization Data Relating to Mandated Benefits and Mandated Providers at Chapter 190 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-190-10 through 14 VAC 5-190-30, and 14 VAC 5-190-50 through 14 VAC 5-190-70, repeal the Rules at 14 VAC 5-190-40 and forms, and add a new form; and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective March 1, 2017.

(2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules to all health insurance issuers licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in this Commonwealth, and to all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the final amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

Note: A copy of the 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. INS-2016-00227  
JANUARY 20, 2017**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher Brandon Ayers ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 A, 38.2-512 B, and 38.2-1831 (10) of the Code of Virginia ("Code") by making false statements on insurance applications, by signing another person's name to insurance applications without their prior written consent, and by using fraudulent, coercive, or dishonest practices; or demonstrating incompetence, or untrustworthiness in the conduct of business in Virginia or elsewhere; or demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived his right to a hearing, confirmed that restitution was made to Prudential in the amount of Twelve Thousand Seventy-Five Dollars (\$12,075), and agreed to the permanent revocation of his insurance agent license.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant's license to transact the business of insurance as an insurance agent in Virginia is hereby permanently revoked.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00238  
FEBRUARY 6, 2017**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Graham Hutson Messer ("Defendant") violated §§ 12.1-33, 38.2-512, 38.2-1813, and 38.2-1822 of the Code of Virginia ("Code").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived his right to a hearing, and agreed to the imposition of a monetary penalty in the amount of Twenty-five Thousand Dollars (\$25,000). The penalty will be waived if the Defendant abides by the terms of a judgment entered against him on November 17, 2014, in the United States District Court, Western District of Virginia ("District Court").<sup>1</sup>

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

<sup>1</sup> The Defendant was convicted on August 15, 2014, in the District Court for one violation of 18 U.S.C. 1033 B (1) for willfully embezzling and misappropriating money while engaged in the business of insurance. On November 17, 2014, the Defendant was sentenced to a period of incarceration in a federal penitentiary and ordered to pay monetary penalties and restitution as stated in a Judgment Order entered in Case No. DVAW31400006-001.

**CASE NO. INS-2016-00240  
JANUARY 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
KYLE DOUGLAS BEDWELL,  
Defendant

**ORDER REVOKING LICENSE**

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated November 29, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

- Order.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00248  
FEBRUARY 1, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION,  
Applicant  
v.  
SOUTHERN TITLE INSURANCE CORPORATION,  
Respondents.

**ORDER APPROVING ASSUMPTION AGREEMENT**

On October 4, 2016, Jacqueline K. Cunningham, Commissioner for the State Corporation Commission's ("Commission") Bureau of Insurance, in her capacity as Deputy Receiver ("Deputy Receiver") of Southern Title Insurance Corporation ("Southern Title"), submitted her Application for Orders Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date, and Approving Proposed Assumption Agreement ("Application"). The Application asked that the Commission, after providing notice and an opportunity to be heard, enter a final order approving an assumption agreement whereby First National Title Insurance Company ("First National") will assume the liabilities of the Texas Title Insurance Guaranty Association ("TTIGA") for all policies of title insurance issued by Southern Title covering property located within the state of Texas ("Assumption Agreement") as of a date set in accordance with the terms of the Assumption Agreement ("Assumption Date").

In support of the Application, the Deputy Receiver stated that the Commission's July 28, 2014 Order of Liquidation With a Finding of Insolvency in Case No. INS-2011-00239<sup>1</sup> authorizes the Deputy Receiver to contract with third parties for the assumption of any of the remaining obligations and contingencies of Southern Title in exchange for reasonable consideration, and to take all steps necessary and appropriate to liquidate and dissolve Southern Title as soon as reasonably practicable. In furtherance of this objective, the Deputy Receiver sought the Commission's approval of the Assumption Agreement which provides continued title insurance coverage to Texas policyholders.

In consideration of the assumption of the liabilities by First National, TTIGA will pay \$4,974,000 for the statutory reserves, and an additional sum for the late filed claims recorded prior to the execution of the Assumption Agreement. TTIGA will have no claim against Southern Title and its receivership estate for reimbursement of any amounts paid to First National.

The Deputy Receiver asserts that the Assumption Agreement provides claimants under Texas policies with insurance coverage for claims arising after the Assumption Date, and that without the Assumption Agreement, such claimants would hold late-filed claims against the receivership estate and face the expectancy that such claims would not be paid. In addition, the entirety of the consideration to be paid to First National for its assumption of the assumed policies and associated liabilities is being borne by TTIGA and its member companies. Therefore, implementation of the Assumption Agreement will have no impact on the assets of the receivership estate.

On November 3, 2016, the Commission entered a Scheduling Order Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date and Approving Proposed Assumption Agreement in which it established notice procedures for this matter, set a contingent hearing, and stated that if no party filed a Notice of Objection with the Clerk of the Commission on or before December 20, 2016, then the Commission may approve the Assumption Agreement without a hearing. No party filed a Notice of Objection to the Assumption Agreement.

NOW THE COMMISSION, having considered the Application, is of the opinion that the Assumption Agreement should be approved, and the Deputy Receiver's Application granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Application is hereby GRANTED.
- (2) This case is DISMISSED and the papers herein are passed to the file for ended causes.

<sup>1</sup> *State Corporation Commission v. Southern Title Insurance Corporation, in Receivership*, Case No. INS-2011-00239, 2014 S.C.C. Ann. Rept. 49, Order of Liquidation With a Finding of Insolvency (July 28, 2014).

**CASE NO. INS-2016-00264  
NOVEMBER 14, 2017**

PETITION OF  
BAYVIEW LOAN SERVICING, LLC

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

**FINAL ORDER**

On October 31, 2016, Bayview Loan Servicing, LLC ("Petitioner"), Successor-in-Interest to Silver Hill Financial, through counsel, and pursuant to the Supplemental Rules of Practice and Procedure in Aid of Receivership Proceedings and Order in Aid of Receivership<sup>1</sup> entered by the State Corporation Commission ("Commission"), filed with the Clerk of the Commission a Petition for Review of Deputy Receiver's Determination of Appeal ("Petition"). The Petitioner requested that the Commission reverse the Deputy Receiver's Determination of Appeal finding that the Petitioner did not have standing under a closing protection letter issued to its predecessor in interest, Silver Hill Financial.

On November 9, 2016, the Commission entered an Order docketing this case, appointing a hearing examiner, and directing the Deputy Receiver to file a responsive pleading on or before December 1, 2016.

On December 1, 2016, the Deputy Receiver, by counsel, filed her Answer to the Petition in which she asked that the Commission deny the relief requested in the Petition.

On May 2, 2017, a hearing on the Petition was held. On June 16, 2017, counsel for the Deputy Receiver and the Petitioner filed a Joint Notice of Settlement and Motion for Indefinite Stay Pending Finalization of Documents. By Hearing Examiner's Ruling dated June 19, 2017, the stay was granted.

On October 17, 2017, Bayview filed a Notice of Withdrawal of Petition ("Withdrawal of Petition"). On October 25, 2017, the Hearing Examiner entered his Report in which he recommended that the Commission enter an Order that dismisses this case from the Commission's docket and passes the papers herein to the file for ended causes.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Withdrawal of Petition is hereby GRANTED.
- (2) This case is DISMISSED, and the papers herein are passed to the file for ended causes.

<sup>1</sup> *Commonwealth of Virginia ex rel., State Corporation Commission v. Southern Title Insurance Corporation, in Receivership*, Case No. INS-2011-00239, Doc. Con. Cen. No. 120430039 Order in Aid of Receivership (Apr. 19, 2012).

**CASE NO. INS-2016-00265  
MARCH 20, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Unfair Claim Settlement Practices

**ORDER TO TAKE NOTICE OF REVISED PROPOSED RULES**

By Order to Take Notice ("Order") entered November 14, 2016, insurers and interested persons were ordered to take notice that subsequent to January 31, 2017, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments to rules set forth in Chapter 400 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Unfair Claim Settlement Practices" ("Rules"), which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, unless on or before January 31, 2017, any person objecting to the adoption of the amendments to the Rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The Order also required insurers and interested persons to file their comments in support of or in opposition to the proposed amendments to the Rules with the Clerk on or before January 31, 2017.

The Bureau of Insurance ("Bureau") held meetings on January 10, 2017, and January 12, 2017, to allow for insurers and interested persons to discuss and address questions about the proposed Rules with Bureau staff. In addition to comments and questions that the Bureau received during these meetings, the Commission received timely filed comments from the American Council of Life Insurers (ACLI), the National Risk Retention Association, Allstate Insurance Company, the American Insurance Association, CareFirst BlueCross BlueShield, ProAssurance Corporation, America's Health Insurance Plans (AHIP), the Property Casualty Insurers Association, PIAA, the Virginia Association of Health Plans (VAHP), and the National Association of Mutual Insurance Companies.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau considered the comments received and responded to them in its Response to Comments, which the Bureau filed with the Clerk on March 15, 2017. In its Response to Comments, the Bureau recommended numerous revisions to the proposed amendments that address many of the comments received.

The Bureau recommends that the proposed amendments to the Rules and the revisions to these proposed amendments be exposed for an additional comment period expiring May 1, 2017.

NOW THE COMMISSION, having considered the comments, the Bureau's Response to Comments and recommendations, and the proposed amendments to the Rules, is of the opinion that interested persons should have an opportunity to comment on the revised proposed Rules by May 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) The revised proposed Rules, which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the revised proposed Rules, shall file such comments or hearing request on or before May 1, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2016-00265.

(3) If no written request for a hearing on the revised proposed Rules is received on or before May 1, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the revised proposed Rules, may adopt the revised Rules as proposed by the Bureau.

(4) The Bureau forthwith shall provide notice of the revised proposed Rules to all insurers licensed by the Commission to operate in the Commonwealth of Virginia, except for insurers licensed exclusively to write workers' compensation insurance, title insurance, or fidelity and surety insurance, as well as all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed amendment to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the proposed amendment to the 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. INS-2016-00265  
JUNE 1, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Unfair Claim Settlement Practices

**ORDER ADOPTING AMENDMENTS TO RULES**

By Order to Take Notice ("Order") entered November 14, 2016, insurers and interested persons were ordered to take notice that subsequent to January 31, 2017, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments to rules set forth in Chapter 400 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Unfair Claim Settlement Practices" ("Rules"), which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, unless on or before January 31, 2017, any person objecting to the adoption of the amendments to the Rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The amendments to Chapter 400 are necessary to conform the Rules to the National Association of Insurance Commissioners' Unfair Claims Settlement Practices Act (MDL-900), Unfair Property/Casualty Claims Settlement Practices Model Regulation (MDL-902), and Unfair Life, Accident and Health Claims Settlement Practices Model Regulation (MDL-903). These amendments clarify that Chapter 400 applies to all insurance policies issued in the Commonwealth of Virginia – except policies of workers' compensation insurance, title insurance, and fidelity and surety insurance – including those policies that are issued by health maintenance organizations, dental maintenance organizations, dental provider organizations, health service plans, accident and sickness insurers, and dental and optometric service plans. In addition, the amendments set forth claims settlement standards that are specific to automobile insurance, property policies, accident and sickness insurance, life insurance and annuities.

The Order required insurers and interested persons to file their comments in support of or in opposition to the proposed amendments to the Rules with the Clerk on or before January 31, 2017.

The Bureau of Insurance ("Bureau") held meetings on January 10, 2017, and January 12, 2017, to allow for insurers and interested persons to discuss and address questions about the proposed Rules with Bureau staff. In addition to comments and questions that the Bureau received during these meetings, the Commission received timely filed comments from the American Council of Life Insurers, the National Risk Retention Association, Allstate Insurance Company, the American Insurance Association, CareFirst BlueCross BlueShield, ProAssurance Corporation, America's Health Insurance Plans, the Property Casualty Insurers Association, the Physician Insurers Association of America, the Virginia Association of Health Plans, and the National Association of Mutual Insurance Companies.

The Bureau considered the comments received and responded to them in its Response to Comments, which the Bureau filed with the Clerk on March 15, 2017. In its Response to Comments, the Bureau recommended numerous revisions to the proposed amendments that addressed many of the comments received.

The Bureau also recommended that the proposed amendments to the Rules and the revisions to these proposed amendments be exposed for additional comment.

On March 20, 2017, the Commission entered an Order to Take Notice of Revised Proposed Rules in which it exposed the revised proposed amendments to the Rules for additional comment until May 1, 2017. The Commission received timely filed comments from Allstate Insurance Company, the National Risk Retention Association, Sentry Insurance Group, Elephant Insurance, the Vermont Captive Insurance Association, the National Association of Mutual Insurance Companies, the Virginia Association of Health Plans, Chubb, the Property Casualty Insurers Association of America, the American Insurance Association, and the State Farm Insurance Companies.

The Bureau considered these comments and responded to them in its Response to Comments, which the Bureau filed with the Clerk on May 22, 2017. In its Response to Comments, the Bureau recommended several revisions to the repropoed amendments that address many of the comments received.

NOW THE COMMISSION, having considered the proposed amendments, the comments filed, the Bureau's Response to Comments, the repropoed amendments to the Rules, the comments filed, the Bureau's Response to Comments, and all the amendments to the Rules, is of the opinion that the attached amendments to the Rules should be adopted as amended, effective January 1, 2018.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing Unfair Claim Settlement Practices at Chapter 400 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-400-10 through 14 VAC 5-400-80, and add new Rules at 14 VAC 5-400-25 and 14 VAC 5-400-90 through 14 VAC 5-400-110, which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2018.

(2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules to all insurers licensed by the Commission to operate in the Commonwealth of Virginia, except for insurers licensed exclusively to write workers' compensation insurance, title insurance, or fidelity and surety insurance, as well as all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the final amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

Note: A copy of the Amended 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. INS-2016-00266  
FEBRUARY 16, 2017**

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

v.  
ANDREW LINK,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Andrew Link ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information in the license application filed with the Commission.

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



The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated January 5, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2016-00267  
FEBRUARY 17, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Suitability in Annuity Transactions

**ORDER ADOPTING REVISIONS TO RULES**

On November 18, 2016, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing Suitability in Annuity Transactions set forth in Chapter 45 of Title 14 of the Virginia Administrative Code ("Rules").

These amendments, which are authorized by § 38.2-3117 C of the Code of Virginia, were proposed by the Bureau of Insurance ("Bureau") to incorporate provisions contained in the National Association of Insurance Commissioners' Suitability in Annuity Transactions Model Regulation ("Model Regulation"). These amendments include a new definition for suitability information, additional requirements for providing information to consumers regarding the annuity, a requirement that agents complete a one-time four-credit continuing education course on annuity products, and a five-year recordkeeping retention requirement.

The Order required that on or before January 23, 2017, any person requesting a hearing on the amendments to the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk. The Order also required any interested persons to file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before January 23, 2017. Thirteen comments were filed, including comments from the Insured Retirement Institute and the American Council of Life Insurers. These comments requested that certain agents be exempt from the one-time four-credit continuing education requirement, and that the effective date of the regulation be changed to July 1, 2017. In addition, commenters sought clarification on the applicability of the Rules to all annuity products, the applicability of certain Financial Industry Regulatory Authority ("FINRA") requirements, and suggested that the definitions of "replacement" and "annuity" be revised to mirror the definitions contained in the Model Regulation.

The Bureau considered the comments filed and responded to them in its Response to Comments, which the Bureau filed with the Clerk on February 10, 2017. In its Response to Comments, the Bureau recommended that subsection H of 14 VAC 5-45-40 be revised to better align with the Model Regulation and to remove language that inadvertently could be read to require all agents to comply with certain FINRA requirements. The Bureau recommended that the Commission adopt the proposed regulations as modified.

NOW THE COMMISSION, having considered the proposed amendments, the comments filed, and the Bureau's Response to Comments, is of the opinion that the attached amendments to the Rules should be adopted.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing Suitability in Annuity Transactions at Chapter 45 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-45-10 through 14 VAC 5-45-40, and add new Rules at 14 VAC 5-45-45 and 14 VAC 5-45-47, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective April 1, 2017.

(2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules to all companies, agencies, and agents licensed by the Commission to sell annuities or variable annuities in Virginia and to all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the final amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

Note: A copy of the Amended 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. INS-2016-00271  
OCTOBER 2, 2017**

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

v.  
CHARLES K. BENNETT,  
Defendant

**JUDGMENT ORDER**

On April 10, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Insurance ("Bureau") alleging that Charles K. Bennett ("Defendant") violated § 38.2-518 F of the Code of Virginia ("Code") by knowingly preparing and submitting a certificate of insurance ("COI") that contained false and misleading information.

Upon request of the Bureau, the Commission subsequently issued an Amended Rule to Show Cause on May 24, 2017 ("Amended Rule"), ordering service upon the Secretary of the Commonwealth and scheduling a hearing for August 3, 2017.<sup>1</sup> In addition, the Amended Rule ordered the Defendant to file a responsive pleading on or before July 24, 2017.

The Defendant did not file a response to the Amended Rule, and the hearing on the Amended Rule was convened as scheduled on August 3, 2017. William W. Stanton, VII, Esquire, appeared on behalf of the Bureau. The Defendant did not appear at the hearing; however, the Bureau submitted testimony and exhibits in support of the allegations in the Amended Rule.<sup>2</sup> The Bureau also requested that the Defendant be found in default and that the Commission enter a monetary penalty against him in the amount of \$5,000, and a permanent injunction from further violations of the Code.<sup>3</sup>

On September, 1 2017, the Hearing Examiner filed his report ("Report") which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, the Hearing Examiner found, based on the evidence presented, that:

- (1) The Bureau's motion for default judgment should be granted.
- (2) The Defendant willfully violated § 38.2-518 F of the Code by preparing and submitting a COI that contained false and misleading information.
- (3) A monetary penalty of \$5,000 should be assessed against the Defendant for his violation of § 38.2-518 F of the Code.
- (4) The Defendant should be permanently enjoined from future violation of insurance laws, pursuant to § 38.2-220 of the Code.

The Hearing Examiner recommended that the Commission adopt the findings and recommendations in the Report, enjoin the Defendant as described above, and place the papers in this case into the file for ended causes. Additionally, the Report allowed the parties 21 days from the date of the Report to file comments. Neither the Defendant nor the Bureau filed comments.

<sup>1</sup> See Motion to Amend Rule to Show Cause filed by the Bureau on May 23, 2017; and Hearing Examiner's Ruling and Certification to the Commission entered May 24, 2017.

<sup>2</sup> See transcript ("Tr.").

<sup>3</sup> Tr. at 4, 18.

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

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the September 1, 2017 Report are hereby adopted.
- (2) The Defendant is hereby PENALIZED in the amount of \$5,000.
- (3) The Defendant is hereby PERMANENTLY ENJOINED from further violation of insurance laws, pursuant to § 38.2-220 of the Code.
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00001  
MAY 3, 2017**

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

v.  
THUAN QUOC NGO,  
Defendant

**ORDER**

On February 3, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Bureau of Insurance ("Bureau") alleging that Thuan Quoc Ngo ("Defendant"), a licensed insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1809 of the Code of Virginia ("Code") by refusing to permit the Bureau to examine his insurance business records. Among other things, the Rule assigned the case to a Hearing Examiner, ordered the Defendant to file a response by March 1, 2017, and scheduled the matter for a hearing on March 23, 2017.<sup>1</sup>

In the Rule, the Bureau alleged that it began investigating the Defendant after learning that his employment with an insurer had been terminated for completing and submitting fraudulent applications for life insurance on behalf of Virginia consumers.<sup>2</sup> In connection with that investigation, the Bureau made several attempts to contact the Defendant between January 2016 through October 2016 to inspect his insurance business records.<sup>3</sup> The Bureau further alleged that the Defendant refused to permit the Bureau to make such an examination.<sup>4</sup>

The Defendant did not file a response to the Rule, and the hearing was convened as scheduled on March 23, 2017. William W. Stanton, VII, Esquire, appeared on behalf of the Bureau. The Defendant did not appear at the hearing, despite having been properly served.<sup>5</sup> The Bureau submitted an affidavit of the testimony of Senior Investigator Thomas E. MacKnight in support of the Bureau's allegations in the Rule (admitted to the record as Exhibit 2).<sup>6</sup> In addition, the Bureau requested a monetary penalty and the revocation of the Defendant's insurance licenses.<sup>7</sup>

On March 27, 2017, the Report of Michael D. Thomas, Hearing Examiner, was filed ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, the Hearing Examiner found that based on the evidence presented, the Defendant is in default and that he knowingly and willfully violated § 38.2-1809 of the Code by refusing the Bureau access to his insurance business records; the Defendant should be assessed a civil penalty in the amount of \$5,000 pursuant to § 38.2-218 of the Code; and the Defendant's insurance agent licenses should be revoked pursuant to § 38.2-1831 of the Code.<sup>8</sup>

The Hearing Examiner recommended that the Commission adopt the findings and recommendations in the Report, penalize the Defendant the sum of Five Thousand Dollars (\$5,000), and revoke the Defendant's insurance agent licenses.<sup>9</sup>

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<sup>1</sup> Rule at 3.

<sup>2</sup> Rule at 2.

<sup>3</sup> Rule at 2.

<sup>4</sup> Rule at 3.

<sup>5</sup> Transcript ("Tr") at 1.

<sup>6</sup> Report at 1.

<sup>7</sup> Tr. at 6.

<sup>8</sup> Report at 1-2.

<sup>9</sup> Report at 2.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the March 27, 2016 Report are hereby adopted.
- (2) The Defendant is hereby PENALIZED in the amount of Five Thousand Dollars (\$5,000).
- (3) The Defendant's insurance agent licenses are hereby REVOKED.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00001  
MAY 23, 2017**

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

v.  
THUAN QUOC NGO,  
Defendant

**ORDER GRANTING RECONSIDERATION**

On February 3, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause against Thuan Quoc Ngo ("Defendant") at the request of the Bureau of Insurance ("Bureau"). The Bureau alleged violations of § 38.2-1809 of the Code of Virginia ("Code") based on the Defendant's refusal to permit the Bureau to examine his insurance business records. On May 3, 2017, the Commission issued an Order ("May 3 Order") in this docket that penalized the Defendant \$5,000 for his violations of § 38.2-1809 of the Code and revoked his licenses to transact the business of insurance in the Commonwealth of Virginia.

On May 23, 2017, the Defendant, through counsel, filed a Petition for Rehearing and Reconsideration ("Petition") pursuant to 14 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 14 VAC 5-20-10 *et seq.* In his Petition, the Defendant requests that the Commission grant rehearing and reconsideration of the matter, and suspend or vacate the May 3 Order.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purposes of continuing jurisdiction over this matter and considering the above-referenced request. The May 3 Order is hereby suspended pending the Commission's reconsideration. Additionally, the Bureau shall have ten (10) working days from the date of entry of this Order or until June 6, 2017, to file a Response to the Defendant's Petition, and the Defendant shall have five (5) working days therefrom, or until June 13, 2017, to file a Reply to Bureau's Response.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the May 3 Order is suspended.
- (3) This matter is continued generally pending further order of the Commission.

**CASE NO. INS-2017-00001  
JULY 24, 2017**

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

v.  
THUAN QUOC NGO,  
Defendant

**ORDER**

On February 3, 2017, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Thuan Quoc Ngo ("Defendant") at the request of the Bureau of Insurance ("Bureau"). In the Rule, the Bureau alleged that the Defendant had refused to permit the Bureau to examine his insurance business records, in violation of § 38.2-1809 of the Code of Virginia ("Code"), while the Bureau was conducting an investigation into whether or not the Defendant had completed and submitted fraudulent applications for life insurance to New York Life Insurance Company to wrongfully obtain approximately \$100,000 in advanced commissions.

On March 23, 2017, a hearing was convened as schedule. The Defendant failed to appear and failed to file an answer or other responsive pleading to the Rule.

On May 3, 2017, the Commission issued an Order ("May 3 Order") in this docket that penalized the Defendant \$5,000 for violation of § 38.2-1809 of the Code and revoked his licenses to transact the business of insurance in the Commonwealth of Virginia.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On May 23, 2017, the Defendant, through counsel, filed a Petition for Rehearing and Reconsideration ("Petition") pursuant to 14 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 14 VAC 5-20-10 *et seq.* In his Petition, the Defendant requested that the Commission grant rehearing and reconsideration of the matter and suspend or vacate the May 3 Order.

Also on May 23, 2017, the Commission entered an Order Granting Reconsideration ("Reconsideration Order") that suspended the May 3 Order pending the Commission's decision on reconsideration. In addition, the Commission ordered the Bureau to file a response to the Petition within ten (10) working days from the date of the Reconsideration Order and ordered the Defendant to file a reply to the Bureau's response within five (5) working days thereafter.

On June 6, 2017, the Bureau, through counsel, filed a Response of the Bureau of Insurance of the State Corporation Commission to the Petition for Rehearing and Reconsideration of Thuan Quoc Ngo ("Response"). In the Response, the Bureau requested that the Commission affirm the May 3 Order.

On June 13, 2017, the Defendant, through counsel, filed an Unopposed Request for Extension of Time ("Request for Extension") wherein the Defendant requested additional time, until July 14, 2017, to reply to the Bureau's Response and indicated that the Bureau had agreed not to oppose such a request.

On June 14, 2017, the Commission entered an Order Granting Additional Time to File Reply ("Extension Order") wherein the Commission granted, in part, the Defendant's Request for Extension by ordering that the Defendant shall have sixteen (16) days from the date of the Extension Order, or until June 30, 2017, to file a Reply to the Bureau's Response.

On June 30, 2017, the Defendant, through counsel, filed a Second Request for Extension of Time wherein the Defendant requested additional time, until July 6, 2017, to reply to the Bureau's Response.

On July 5, 2017, the Commission entered a Second Order Granting Additional Time to File Reply wherein the Commission granted the Defendant's Second Request for Extension of Time and ordered the Defendant to file a Reply to the Bureau's Response on or before July 6, 2017.

The Defendant did not file a Reply.

NOW THE COMMISSION, upon consideration of this matter, affirms the May 3 Order.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration of the May 3, 2017 Order is denied.
- (2) The suspension of the May 3, 2017 Order is hereby lifted, and the May 3, 2017 Order is hereby reinstated.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00002  
MARCH 1, 2017**

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

v.

UNITEDHEALTHCARE INSURANCE COMPANY, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that UnitedHealthcare Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: §§ 38.2-316 B and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; §§ 38.2-503 of the Code, as well as 14 VAC 5-90-55 A, 14 VAC 5-90-60 A (1), 14 VAC 5-90-60 A (2), 14 VAC 5-90-60 B (3), 14 VAC 5-90-60 B (4), 14 VAC 5-90-60 B (6), 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, and 14 VAC 5-90-170 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertising requirements; § 38.2-508 (2) of the Code by unfairly discriminating or permitting any unfair discrimination between individuals of the same class; § 38.2-510 A (15) of the Code, as well as 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 B of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice; § 38.2-1715 B of the Code by failing to properly notify policy owners; § 38.2-1812 A of the Code by paying commissions for services as an agent to persons who were not properly licensed and appointed; § 38.2-1822 A of the Code by permitting a person to act as an agent without first obtaining a license in a manner and form prescribed by the Commission; §§ 38.2-1833 A (1) and 38.2-1834 D of the Code by failing to comply with agent appointment requirements; § 38.2-3407.1 B of the Code by failing to pay interest at the legal rate of interest from the date of 15 working days from the Defendant's receipt of proof of loss to the date that the claim was paid; § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits requirements; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (5), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (8), 38.2-3407.15 B (9), 38.2-3407.15 B (10), and 38.2-3407.15 B (11) of the Code by failing to comply with ethics and fairness requirements for business practices; § 38.2-3559 D of the Code by failing to comply with notice requirements for external review; §§ 38.2-5804 A and 38.2-5804 A (2) of the Code by failing to comply with procedures to establish and maintain an approved complaint system for each of its Managed Care Health Insurance Plans; and 14 VAC 5-216-30 B of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.*, by failing to comply with internal appeal and external review procedures.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Seventy-nine Thousand Dollars (\$79,000), waived its right to a hearing, and agreed to comply with the corrective action plan contained in the target market conduct examination report as of June 30, 2013.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00004  
FEBRUARY 16, 2017**

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

v.

WEST VIRGINIA NATIONAL AUTO INSURANCE COMPANY, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that West Virginia National Auto Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; §§ 38.2-604 A, 38.2-604 B, 38.2-604.1, 38.2-604.1 A, 38.2-610 A, 38.2-2202 A, 38.2-2202 B, 38.2-2208 B, and 38.2-2210 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-1318 of the Code by failing to provide convenient access to files, documents, and records; §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; § 38.2-1905 A of the Code by failing to notify insureds in writing when their policies were surcharged for at-fault accidents; § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; §§ 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; § 38.2-2214 of the Code by failing to provide insureds with rate classification statements; § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; and § 38.2-510 A (3) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Forty-three Thousand Nine Hundred Dollars (\$43,900), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated September 21, 2016, and November 7, 2016, and confirmed that restitution was made to 116 consumers in the amount of Fourteen Thousand Eight Hundred Fifty-one Dollars and Six Cents (\$14,851.06).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00008  
JANUARY 20, 2017**

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

v.  
LEDARIUS DOBIE,  
Defendant

**ORDER REVOKING LICENSE**

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated November 29, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1826 C of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Louisiana.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00009  
JANUARY 20, 2017**

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

v.  
JOHN GEORGE REEDY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John George Reedy ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1831 (1) and 38.2-1831 (3) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete or untrue information in the license application filed with the Commission, and by obtaining or attempting to obtain a license through misrepresentation or fraud.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated September 16, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1831 (1) and 38.2-1831 (3) of the Code by providing materially incorrect, misleading, incomplete or untrue information in the license application filed with the Commission, and by obtaining or attempting to obtain a license through misrepresentation or fraud.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00010  
FEBRUARY 10, 2017**

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

**SETTLEMENT ORDER**

Based on a market conduct investigation performed by the Bureau of Insurance ("Bureau"), it is alleged that Stillwater Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission, and by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 15, 2016, and confirmed that restitution was made to 411 consumers in the amount of Twenty-six Thousand Six Hundred Ninety-two Dollars and Thirty Cents (\$26,692.30).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.



**CASE NO. INS-2017-00014  
MARCH 31, 2017**

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

v.  
VIRGINIA ANN HOYT,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Virginia Ann Hoyt ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information in the license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00016  
MARCH 16, 2017**

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

v.  
LARRY BENNETT THOMAS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Larry Bennett Thomas ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect and untrue information in the license applications filed with the Commission.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 14, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of his right to a hearing in this matter, has failed to request a hearing.

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Ohio, and by providing materially incorrect and untrue information in the license applications filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00018  
FEBRUARY 8, 2017**

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

v.

PATRICK JASON MALLORY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Patrick Jason Mallory ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 A and 38.2-512 B of the Code of Virginia ("Code") by making false statements on insurance applications for a benefit, and by signing another person's name to insurance applications without their prior written consent.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated September 12, 2016, and December 13, 2016, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-512 A and 38.2-512 B of the Code by making false statements on insurance applications, and by signing another person's name to insurance applications without their prior written consent.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00019  
FEBRUARY 10, 2017**

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

**SETTLEMENT ORDER**

Based on a market conduct inquiry made by the Bureau of Insurance ("Bureau"), it is alleged that Central Mutual Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated October 25, 2016, and confirmed that restitution was made to three consumers in the amount of One Hundred One Dollars and Sixty-eight Cents (\$101.68).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00020  
FEBRUARY 8, 2017**

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

**SETTLEMENT ORDER**

Based on a market conduct investigation performed by the Bureau of Insurance ("Bureau"), it is alleged that Philadelphia Indemnity Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-317 of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated November 28, 2016.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00022  
FEBRUARY 16, 2017**

RIVERSOURCE LIFE INSURANCE COMPANY

*Ex Parte:* In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Riversource Life Insurance Company, and the Florida Office of Insurance Regulation, the California Department of Insurance, the New Hampshire Department of Insurance, the North Dakota Insurance Department, the Pennsylvania Insurance Department for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

**ORDER APPROVING SETTLEMENT AGREEMENT**

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the States of Florida, California, New Hampshire, North Dakota, and Pennsylvania and RiverSource Life Insurance Company, a Minnesota company licensed to transact the business of insurance in the Commonwealth of Virginia<sup>1</sup>; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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

<sup>1</sup> The Agreement also includes RiverSource Life Insurance Company of New York. RiverSource Life Insurance Company of New York is not licensed to transact the business of insurance in Virginia; therefore, this order does not include this company.

**CASE NO. INS-2017-00026  
APRIL 12, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
STATE FARM MUTUAL AUTOMOBILE INSURANCE  
and  
STATE FARM FIRE AND CASUALTY COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that State Farm Mutual Automobile Insurance and State Farm Fire and Casualty Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by statute in the insurance policy; § 38.2-511 of the Code by failing to maintain a complete complaint register; §§ 38.2-517 A, 38.2-604 A, 38.2-604.1, 38.2-610 A, 38.2-2125, 38.2-2126 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-1318 of the Code by failing to provide convenient access to files, books and records; § 38.2-1822 of the Code by permitting an unlicensed agent to act on the company's behalf; § 38.2-1833 of the Code for paying commissions to agencies/agents that are not appointed by the Defendants; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; and § 38.2-510 A (1) of the Code, as well as 14 VAC 5-400-30 and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to Virginia the sum of Fifty Thousand Six Hundred Dollars (\$50,600), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letters to the Bureau dated January 4, 2016, August 30, 2016, November 18, 2016, and February 8, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00028  
MARCH 2, 2017**

IN THE MATTER OF  
ASSURANT, INC., and its Affiliates

*Ex Parte:* In the matter of Approval of a Regulatory Settlement Agreement with Assurant, Inc., and its Affiliates

**ORDER APPROVING SETTLEMENT AGREEMENT**

The Commissioner of the Bureau of Insurance ("Commissioner") has requested that the State Corporation Commission ("Commission") (i) approve and accept a multi-state Regulatory Settlement Agreement ("Agreement") entered into on December 29, 2016, a copy of which is attached hereto and made a part hereof, by and between Assurant, Inc., and its Affiliates: American Bankers Insurance Company, American Security Insurance Company, Standard Guaranty Insurance Company, and Voyager Indemnity Insurance Company, which are all licensed or authorized to transact the business of insurance in the Commonwealth of Virginia, and the Delaware Department of Insurance, the Florida Office of Insurance Regulation, the Indiana Department of Insurance, the Massachusetts Division of Insurance, the Missouri Department of Insurance, the Pennsylvania Insurance Department and the Rhode Island Department of Business Regulation; and (ii) authorize the Commissioner to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

NOW THE COMMISSION, having considered the terms of the Agreement and the recommendation of the Commissioner that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Agreement is hereby approved and accepted.

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

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

**CASE NO. INS-2017-00029  
MARCH 2, 2017**

IN THE MATTER OF  
NATIONAL GENERAL HOLDING CORPORATION, and its Affiliates

*Ex Parte:* In the matter of Approval of a Regulatory Settlement Agreement with National General Holding Corporation and its Affiliates

**ORDER APPROVING SETTLEMENT AGREEMENT**

The Commissioner of the Bureau of Insurance ("Commissioner") has requested that the State Corporation Commission ("Commission") (i) approve and accept a multi-state Regulatory Settlement Agreement ("Agreement") entered into on January 19, 2017, a copy of which is attached hereto and made a part hereof, by and between National General Holding Corporation and its Affiliates: Integon National Insurance Company and MIC General Insurance Corporation which are licensed to transact the business of insurance in the Commonwealth of Virginia, and the Delaware Department of Insurance, the Florida Office of Insurance Regulation, the Indiana Department of Insurance, the Massachusetts Division of Insurance, the Missouri Department of Insurance, the Pennsylvania Insurance Department and the Rhode Island Department of Business Regulation; and (ii) authorize the Commissioner to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

NOW THE COMMISSION, having considered the terms of the Agreement and the recommendation of the Commissioner that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that:

(1) The Agreement is hereby approved and accepted.

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

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

**CASE NO. INS-2017-00030  
MARCH 14, 2017**

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

v.  
ANGELA ESPINOZA,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Angela Espinoza ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-503, 38.2-613.2, 38.2-1812 F, 38.2-1812.2, 38.2-1813, 38.2-1822 A, 38.2-1822 E, and 38.2-1833 A (4) of the Code of Virginia ("Code").

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived her right to a hearing, agreed to the revocation of her insurance agent license, and agreed to not make an application to the Bureau for licensure for a period of two (2) years from the date of entry of this Settlement Order ("Order").

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (3) The Defendant will not make an application to the Bureau for licensure for a period of two (2) years from the date of entry of this Order.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00032  
MARCH 16, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") recently received a proposal from American Family Life Assurance Company ("Aflac"), through its counsel, requesting that the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies ("Rules") set forth in Chapter 120 of Title 14 of the Virginia Administrative Code be amended at 14 VAC 5-120-70. The Bureau has reviewed and is in agreement with the proposal to amend the Rules in accordance with Aflac's request.

The amendments to 14 VAC 5-120-70 are necessary to align the indemnity coverage benefits for various types of therapies used to treat cancer with a more flexible benefit and payment structure. Specifically, amendments to subdivisions 2 c (1) and (2) of section 70 of the Rules will reflect more up-to-date protocols and services for cancer treatment.

NOW THE COMMISSION is of the opinion that Aflac's proposal and the Bureau's request to amend the Rules at 14 VAC 5-120-70 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed amendments to the "Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies," which amend the Rules at 14 VAC 5-200-70, are attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the proposed amendments, shall file such comments or hearing request on or before May 5, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2017-00032.
- (3) If no written request for a hearing on the proposal to amend the Rules as outlined in this Order is received on or before May 5, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.
- (4) The Bureau forthwith shall give notice of the proposal to amend the Rules to all insurers licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, as well as all interested persons.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed amended Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

NOTE: A copy of the "Rules Governing Minimum Standards with Respect to Specified Disease Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2017-00032  
MAY 17, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies

**ORDER ADOPTING REVISIONS TO RULES**

On March 16, 2017, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies set forth in Chapter 120 of Title 14 of the Virginia Administrative Code ("Rules").

The proposal to amend the Rules at 14 VAC 5-120-70 was submitted to the Bureau of Insurance ("Bureau") by American Family Life Assurance Company ("Aflac"), through its counsel. The proposed amendments align the indemnity coverage benefits for various types of therapies used to treat cancer with a more flexible benefit and payment structure. Specifically, amendments to subdivisions 2 c (1) and (2) of section 70 of the Rules reflect more up-to-date protocols and services for cancer treatment. The Bureau reviewed and agreed with the proposal to amend the Rules in accordance with Aflac's request.

The Order required that on or before May 5, 2017, any person requesting a hearing on the amendments to the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk.

The Order also required any interested persons to file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before May 5, 2017. No comments were filed with the Clerk.

NOW THE COMMISSION, having considered the proposed amendments to the Rules, is of the opinion that the attached amendments to the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies at Chapter 120 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-120-70, and which are attached hereto and made a part hereof, are hereby ADOPTED to be effective July 1, 2017.

(2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules to all insurers licensed by the Commission to write accident and sickness insurance in the Commonwealth of Virginia, and to all interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the final amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

NOTE: A copy of "Rules Governing Minimum Standards with Respect to Specified Disease Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.



**CASE NO. INS-2017-00034  
APRIL 6, 2017**

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

v.  
CHRISTINA D. BROWN,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christina D. Brown ("Defendant") violated §§ 38.2-512 B and 38.2-1822 of the Code of Virginia ("Code") by affixing the signature of another person to any document pertaining to the business of insurance without the written authorization of such person, and by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the State Corporation Commission ("Commission").

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of the law of the Commonwealth of Virginia ("Virginia"), has made an offer of settlement to the Commission wherein the Defendant has waived her right to a hearing, and agreed to be permanently enjoined from transacting the business of insurance in Virginia.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant is permanently enjoined from transacting the business of insurance in Virginia.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00038  
JULY 25, 2017**

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

v.  
ADAM DONALD SWIFT,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adam Donald Swift ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letters dated April 11, 2017, and May 16, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00039  
MARCH 31, 2017**

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

v.

SHERIKA L. BRANTLEY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sherika L. Brantley ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of North Dakota.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 21, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00040**  
**APRIL 10, 2017**

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

v.  
MICHAEL J. BARNUM,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael J. Barnum ("Barnum" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 of the Code of Virginia ("Code") by making false representations relative to applications relating to the business of insurance for the purpose of obtaining a fee, money, or other benefit from an insurer or individual.

Based on its investigation, the Bureau alleges the following. In April of 2016, Barnum self-reported to the Bureau that he had knowingly submitted two applications containing false information to insurers to obtain commercial liability and workers' compensation coverage on behalf of two insureds. In one instance, Barnum failed to include a loss of almost \$1 million on an insured's claim history. In the other instance, Barnum made misrepresentations on an application to make a hotel appear functional when, in fact, it had been destroyed by a fire. The Bureau alleges that Barnum made the false statements to obtain discounted rates for the insureds.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, with the assistance of counsel, Douglas M. Palais, Esquire, and without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Five Thousand Dollars (\$5,000), waived his right to a hearing, and agreed to the suspension of his insurance agent licenses for a period of 30 days beginning July 15, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant's insurance agent licenses will be suspended for a period of thirty (30) days beginning July 15, 2017.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00046**  
**APRIL 6, 2017**

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

v.  
SENECA INSURANCE COMPANY, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Seneca Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated March 13, 2017.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00048  
APRIL 12, 2017**

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

v.

SELECTIVE INSURANCE COMPANY OF AMERICA,  
SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA,  
and  
SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Selective Insurance Company of America, Selective Insurance Company of South Carolina, and Selective Insurance Company of the Southeast (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing, confirmed that restitution was made to 1,170 consumers in the amount of \$339,333.24, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated February 3, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00049  
APRIL 18, 2017**

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

v.  
DAIMEN FLEMING,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daimen Fleming ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1809 and 38.2-1826 C of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Missouri, the State of Kansas, and the State of Louisiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated March 8, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1826 C of the Code by failing to make records available promptly upon request for examination by the Commission or its employees, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of Missouri, the State of Kansas, and the State of Louisiana.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00051  
MAY 3, 2017**

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

v.  
NIKYIA R. PARKER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nikyia R. Parker ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1822 E and 38.2-1826 A of the Code of Virginia ("Code") by conducting the business of insurance under an assumed or fictitious name without notifying the Bureau, and by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated February 27, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1822 E and 38.2-1826 A of the Code by conducting the business of insurance under an assumed or fictitious name without notifying the Bureau, and by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00052  
MAY 24, 2017**

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

v.

FIONA SHANTEL SMITH,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Fiona Shantel Smith ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of North Dakota, the State of Indiana, and the State of Louisiana, and by providing incomplete information on the license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 5, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of her right to a hearing in this matter, has failed to request a hearing.

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of North Dakota, the State of Indiana, and the State of Louisiana, and by providing incomplete information on the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.

- Order.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
  - (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
  - (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00054  
JUNE 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
TERESA ANN CRAWFORD,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Teresa Ann Crawford ("Crawford" or "Defendant") violated § 38.2-1813 of the Code of Virginia ("Code") by failing to maintain funds in a fiduciary capacity and failing to, in the ordinary course of business, pay these funds to the insurer entitled to the payment.

Crawford is licensed in the Commonwealth of Virginia ("Virginia") as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Rocky Mount, Virginia.

Based on its investigation, the Bureau alleges that on November 30, 2016, it received notice from State Farm Insurance Company ("State Farm") that it had terminated Crawford's appointments as a licensed representative for cause. State Farm's internal investigation identified a pattern of missing cash deposits that were covered by checks from unrelated customers, Crawford, or Crawford's relatives. The Bureau alleges that Crawford misappropriated \$11,616.47 in cash payments paid to State Farm. Crawford ultimately replaced those funds with checks State Farm received from other insureds. In lieu of any additional regulatory action being taken, Crawford elected to voluntarily surrender her licenses.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective April 6, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00055  
JUNE 9, 2017**

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

v.

GRETA DENISE DAVIS,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Greta Denise Davis ("Davis" or "Defendant") violated § 38.2-512 A of the Code of Virginia ("Code") by making fraudulent representations on or relative to an application or any document relating to the business of insurance for the purpose of obtaining a benefit from the insurer or individual.

Davis is licensed in the Commonwealth of Virginia ("Virginia") as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Doran, Virginia.

Based on its investigation, the Bureau alleges that on May 20, 2016, it received a complaint regarding two fraudulent certificates of liability insurance forms that were issued by Davis. The investigation revealed two additional fraudulent certificates were issued by Davis on January 12, 2017. In lieu of any additional regulatory action being taken, Davis elected to voluntarily surrender her licenses.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective April 3, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00056  
JUNE 9, 2017**

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

v.

PAUL MCCLELLAN GOFF,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Paul McClellan Goff ("Goff" or "Defendant") violated §§ 38.2-1831 (9) and 38.2-1826 B of the Code of Virginia ("Code") by having been convicted of a felony and failing to report the facts and circumstances of the conviction to the Commission.

Goff is a licensed insurance agent and resident of Hume, Virginia, where he is the sole owner and operator of Alexem Health, LLC ("Alexem"), a life and health insurance agency. Goff has held a resident license in the Commonwealth of Virginia ("Virginia") since 2010.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based on its investigation, the Bureau alleges that on December 13, 2016, the Fauquier County Circuit Court convicted Goff of five counts of felony embezzlement related to the theft of approximately \$9,635 during Goff's tenure as the treasurer of the Fauquier County Girls Softball League. Subsequently, Goff failed to report the facts and circumstances regarding his convictions to the Commission.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of both his and Alexem's authority to transact the business of insurance in Virginia, effective April 18, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00057  
JUNE 9, 2017**

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

v.  
JAMES VALENTINO JOHNSON,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that James Valentino Johnson ("Johnson" or "Defendant") violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application or any other document filed with the Commission.

Based on its investigation, the Bureau alleges that Johnson was convicted of felony bank fraud in 2000. Johnson failed to disclose this conviction in his 2006 and 2016 Virginia license applications. In lieu of any additional regulatory action being taken, Johnson elected to voluntarily surrender his license.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective April 13, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00058  
JUNE 9, 2017**

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

v.

CARLOS A. MYERS,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Carlos A. Myers ("Myers" or "Defendant") violated § 38.2-512 B of the Code of Virginia ("Code") by affixing the signature of another person to any document pertaining to the business of insurance without the written authorization of the person whose signature appears on such document.

Myers is licensed in the Commonwealth of Virginia ("Virginia") as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Suffolk, Virginia.

Based on its investigation, the Bureau alleges that it received notice from State Farm Insurance Company that it had terminated Myers' appointments as a licensed representative for cause. During the investigation, information and evidence was gathered that alleged Myers was affixing/forging another's name to insurance documents. The Bureau confirmed in at least two instances that Myers forged applicant signatures without their knowledge or written consent. In lieu of any additional regulatory action being taken, Myers has elected to voluntarily surrender his licenses.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective April 24, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00059  
DECEMBER 21, 2017**

APPLICATION OF  
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

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

**FINAL ORDER**

On April 17, 2017, the National Council on Compensation Insurance, Inc. ("NCCI" or the Applicant), pursuant to the State Corporation Commission's ("Commission") Final Order in Case No. INS-2016-00158, filed a proposed procedural schedule for the revision of advisory loss costs and assigned risk rates. On May 11, 2017, the Commission entered an Order Docketing Case in this matter in which it outlined a procedural schedule and provided respondents with the opportunity to participate and file testimony and exhibits. In addition, the Commission appointed a Hearing Examiner to rule on any discovery matters arising during the course of this proceeding.

On July 14, 2017, NCCI filed an application with the Commission for approval of certain changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies becoming effective on or after April 1, 2018 ("Application").<sup>1</sup> The Application consists of two separate filings, a voluntary market loss cost filing and an assigned rate filing. The voluntary loss cost filing addresses two categories of workers' compensation classifications: (i) industrial classifications, including coal mine classifications, and (ii) federal ("F") classifications. The assigned risk rate filing addresses the same two categories.

With respect to voluntary loss costs, NCCI proposed an overall decrease of 0.9% for industrial classifications; an increase of 9.3% for F classifications; an increase of 15.1% for the surface coal mine classification; and an increase of 15.5% for the underground coal mine classification.<sup>2</sup>

With respect to the assigned risk rates, NCCI proposed a profit and contingency factor ("P&C Factor") of 1.0% resulting in an overall increase of 2.9% for industrial classifications; an increase of 10.4% for F classifications; an increase of 16.8% for the surface coal mine classification; and an increase of 16.7% for the underground coal mine classification.

Jay A. Rosen ("Rosen") and Dr. Leonard F. Herk ("Herk") filed direct testimony and exhibits on behalf of NCCI. Rosen stated that the Application generally uses the methodologies upon which the loss costs, rates, and rating values were calculated as approved by the Commission in 2016, excepting the method used in determining the P&C Factor.<sup>3</sup> Herk's testimony described NCCI's development of its proposed method to determine the P&C Factor, as well as his analysis of the various inputs into the model used to calculate the P&C Factor.<sup>4</sup>

On July 27, 2017, the Commission entered an Order for Notice wherein the Commission required publication of the notice of proceeding.

On August 2, 2017, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation. On August 7, 2017, the Iron Workers Employers Association and the Washington Construction Employers Association (collectively, "Respondents") filed their Notice of Participation.

On August 15, 2017, the Applicant filed a Motion for Protective Order in which it sought confidential treatment for responses to document requests and interrogatories served by the Commission's Bureau of Insurance ("Bureau"). On August 18, 2017, the Hearing Examiner entered a Protective Ruling providing for confidential treatment of information filed under seal.

On September 29, 2017, Glenn A. Watkins ("Watkins") and Ashley P. Ramos ("Ramos") filed direct testimony and exhibits on behalf of the Bureau. Watkins's testimony, in part, addressed the changes to the proposed methodology used to calculate the P&C Factor for the assigned risk market. Watkins disagreed with the Applicant's recommended profit and contingency factor, as well as the method used to determine the P&C Factor.<sup>5</sup> Instead, Watkins recommended that the Commission adopt his proposed P&C Factor of -1.24% for the industrial class codes and -3.23% for the coal mining class codes.<sup>6</sup> Watkins also recommended a change to the method for calculating expected investment income from real estate.<sup>7</sup>

In her testimony, Ramos testified that the proposed changes to the voluntary loss costs were reasonable.<sup>8</sup> Ramos also testified that the proposed changes to the assigned risk rates, as modified by Watkins's proposed P&C Factor, were reasonable.<sup>9</sup>

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<sup>1</sup> Exhibit ("Ex.") 1.

<sup>2</sup> Ex. 4 (Rosen rebuttal) at 2.

<sup>3</sup> Ex. 3 (Rosen direct) at 4-6.

<sup>4</sup> Ex. 5 (Herk direct).

<sup>5</sup> Ex. 7 (Watkins direct) at 3-4.

<sup>6</sup> Ex. 7 (Watkins direct) at 3.

<sup>7</sup> Ex. 7 (Watkins direct) at 23-24.

<sup>8</sup> Ex. 6 (Ramos direct) at 20.

<sup>9</sup> Ex. 6 (Ramos direct) at 20.

On October 13, 2017, Rosen and Herk filed rebuttal testimony. In his rebuttal testimony, Herk attempted to rebut arguments advanced against NCCI's proposed change to the method for determining the P&C Factor and recommended that the Commission approve the proposed change.<sup>10</sup> Rosen's rebuttal testimony updated the proposed changes to the advisory loss costs and assigned risk rates based upon the impact of the implementation of the medical fee schedule.<sup>11</sup>

On October 24, 2017, the hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Application. Charles H. Tenser, Esquire, appeared on behalf of NCCI; John O. Cox, Esquire, appeared on behalf of the Bureau; C. Meade Browder, Esquire, appeared on behalf of Consumer Counsel; and Fred H. Coddling, Esquire ("Coddling"), appeared as a public witness on behalf of the Respondents.

Coddling testified as a public witness regarding the misclassification of employees as independent contractors in the construction industry.<sup>12</sup>

Rosen and Herk testified on behalf of NCCI. Rosen supported NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market, as modified in his rebuttal testimony.<sup>13</sup> Rosen also discussed his selection of the P&C Factor of 1.0% for assigned risk rates.<sup>14</sup>

Herk summarized the proposed revisions to the method for calculating the P&C Factor.<sup>15</sup> In addition, Herk discussed his opinion on the currently approved method for calculating the P&C Factor.<sup>16</sup> Herk also discussed the interplay of the various inputs used to calculate the P&C Factor using NCCI's proposed method.<sup>17</sup>

Ramos and Watkins testified on behalf of the Bureau. Ramos agreed that the proposed changes to the advisory loss costs were not excessive, inadequate, or unfairly discriminatory after taking into consideration the impact of the medical fee schedule.<sup>18</sup>

Watkins discussed his opinion on NCCI's proposed change to the method for determining the P&C Factor.<sup>19</sup> Watkins also discussed the relationship of the various inputs used to calculate the P&C Factor using the currently approved method.<sup>20</sup> Additionally, Watkins discussed his proposed change to the method for the calculation of real estate investment income.<sup>21</sup>

Herk provided rebuttal testimony on behalf of NCCI. Herk's rebuttal provided his opinion as to the advantages of NCCI's proposed change to the method by which the P&C Factor is calculated.<sup>22</sup>

At the conclusion of the hearing, the Commission requested post-hearing briefs from the parties. On November 20, 2107, NCCI, Consumer Counsel, and the Bureau each filed briefs.

NCCI argued that the P&C Factor of 1.0% proposed by its actuary produced rates that are not excessive, inadequate, or unfairly discriminatory, and that the -1.24% P&C Factor proposed by the Bureau is likely to produce rates that are inadequate.<sup>23</sup> NCCI also argued that its proposed method represents an improvement over the Commission's approved methodology because it is logically consistent and has less embedded bias. NCCI argued that its proposed method also makes the connection between cost of capital and return on investment income more transparent and explicit.<sup>24</sup>

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<sup>10</sup> Ex. 9 (Herk rebuttal) at 1.

<sup>11</sup> Ex. 4 (Rosen rebuttal) at 2.

<sup>12</sup> Transcript ("Tr.") at 9-13.

<sup>13</sup> Tr. at 23-24.

<sup>14</sup> Tr. at 24-37.

<sup>15</sup> Tr. at 42-44.

<sup>16</sup> Tr. at 52-56.

<sup>17</sup> Tr. at 63-69.

<sup>18</sup> Tr. at 80.

<sup>19</sup> Tr. at 94-96.

<sup>20</sup> Tr. at 105-113.

<sup>21</sup> Tr. at 122-126.

<sup>22</sup> Tr. at 147-150.

<sup>23</sup> Post-Hearing Brief of NCCI at 2.

<sup>24</sup> Id. at 5.

Consumer Counsel argued in favor of the Bureau's proposed P&C Factor of -1.24% for industrial class codes and -3.23% for coal mining class codes.<sup>25</sup> In support of its position, Consumer Counsel argued that NCCI's expected return on investments is unreasonably low.<sup>26</sup> Consumer Counsel also takes the position that NCCI has not demonstrated how the results of its proposed method are superior to the Commission's approved method.<sup>27</sup>

The Bureau argued that NCCI's proposed method does not provide the Commission with sufficient information to consider the factors required by § 38.2-2005 of the Code and that the P&C Factor of 1.0% proposed by NCCI produces rates that are excessive.<sup>28</sup> The Bureau takes the position that the Commission, when determining the P&C Factor, is required by § 38.2-2005 of the Code to give special consideration to certain factors including the cost of capital and investment income.<sup>29</sup> The Bureau argued that NCCI's proposed method for calculating the P&C Factor obscures these factors rather than making them more transparent.<sup>30</sup>

NOW THE COMMISSION, upon consideration of this matter, finds that the proposed changes to the voluntary market advisory loss costs should be approved and that the P&C Factor of -1.24% for Industrial Classes and -3.23% for Coal Mining Classes for assigned risk policies recommended by the Bureau is approved. The Commission further finds that NCCI's proposed changes to the method for determining the profit and contingency factor for the assigned risk rates and the proposed P&C Factor of 1.0% are rejected. The Bureau's proposed change to the method for calculating real estate investment income is approved.

NCCI has not demonstrated that its proposed change is superior to the current methodology. It is NCCI's burden to demonstrate that the results of its proposed method are superior to the Commission's approved method. The record in this case demonstrates that NCCI's proposed method underestimates both cost of capital and rate of return on investment income. The result of this underestimation is unreasonably high assigned risk rates for Virginia policyholders.

NCCI's proposed method also does not provide the Commission with the sufficient information to give "special consideration" to each of the factors required by § 38.2-2005 of the Code.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to the voluntary market advisory loss costs and assigned risk rates shall be, and they are hereby, APPROVED for use with respect to new and renewal workers' compensation insurance policies effective on or after April 1, 2018: (i) an overall decrease of 0.9% to the voluntary loss costs for industrial classifications; (ii) an increase of voluntary loss costs of 9.3% for F classifications; (iii) an increase in the voluntary loss costs of 15.1% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 15.5% for the underground coal mine classification; (v) an overall decrease of 0.1% to the assigned risk rates for industrial classifications; (vi) an increase to the assigned risk rates of 7.2% for F classifications; (vii) an increase to the assigned risk rates of 13.5% for the surface coal mine classification; and (viii) an increase to the assigned risk rate of 12.2% for the underground mine classification.

(2) NCCI's proposed method for determining the P&C Factor is rejected.

(3) The Bureau's proposed method for calculating real estate investment income is approved for use this year; however, we instruct the Working Group to examine further the use of the Bureau's proposed method of calculating real estate income and present this information in the next proceeding for the approval of changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies.

(4) Except as otherwise ordered herein, the proposed revisions that have been filed by NCCI in this proceeding on behalf of its members and subscribers, including those relating to minimum premiums, rating values, rules, regulations, and procedures for writing workers' compensation voluntary loss costs and assigned risk rates shall be, and they are hereby, APPROVED for use with respect to new and renewal policies effective on or after April 1, 2018.

(5) On or before June 1, 2018, NCCI, the Bureau, Consumer Counsel, and the Respondents in this proceeding shall endeavor to recommend jointly to the Commission a proposed schedule for any year 2018 voluntary loss costs/assigned risk rate revision proceeding before the Commission. The proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, Consumer Counsel, and any other parties; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss costs/assigned risk rate revision application and its direct testimony; (iii) the date on which NCCI proposes to file its responses to pre-filed discovery requests; (iv) the dates for the pre-filing of the direct testimony of the Bureau, Consumer Counsel, and any respondents; (v) the date for filing by NCCI of its rebuttal testimony; and (vi) the date of any proposed hearing before the Commission.

(6) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate application proceedings before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rate or rating values are based, shall be required to disclose the impact on voluntary loss costs and/or assigned risk rate or rating values of the change employing both the methodology it proposes to replace as well as the newly proposed methodology. This includes any Item Filings that impact voluntary loss costs and/or assigned risk rates.

<sup>25</sup> Post-Hearing Brief of Consumer Counsel at 2-3.

<sup>26</sup> Id. at 3-8.

<sup>27</sup> Id. at 8-10.

<sup>28</sup> Post-Hearing Brief of the Bureau at 1-2.

<sup>29</sup> Id. at 3-4.

<sup>30</sup> Id. at 9, 12.

**CASE NO. INS-2017-00060  
JULY 14, 2017**

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

**CONSENT ORDER**

Public Service Insurance Company ("Defendant"), an Illinois domiciled insurer, is licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia").

On March 16, 2017, an Agreed Order of Rehabilitation was entered against the Defendant by the Circuit Court of Cook County, Illinois. By letter dated June 30, 2017, and signed by J. Kevin Baldwin, General Counsel and Director of Receivership Operations of the Illinois Office of the Special Deputy Receiver, the Defendant consented to the entry of an order prohibiting it from issuing new contracts or policies of insurance.

The Commission's Bureau of Insurance has recommended that this Consent Order be entered in this matter.

Accordingly, IT IS ORDERED that the Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

**CASE NO. INS-2017-00061  
JUNE 6, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
PEAK SETTLEMENTS, LLC,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Peak Settlements, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 55-525.30 A of the Code of Virginia ("Code"), as well as 14 VAC 5-395-30 and 14 VAC 5-395-75 (1) of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by acting as a settlement agent without being registered.

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This matter is dismissed, and the papers herein shall be placed in the file for ended causes.

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

**CASE NO. INS-2017-00062  
JUNE 14, 2017**

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

v.

VIRGINIA FARM BUREAU TOWN & COUNTRY INSURANCE COMPANY,  
VIRGINIA FARM BUREAU FIRE AND CASUALTY INSURANCE COMPANY,  
and  
VIRGINIA FARM BUREAU MUTUAL INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Virginia Farm Bureau Town & Country Insurance Company, Virginia Farm Bureau Fire and Casualty Insurance Company, and Virginia Farm Bureau Mutual Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to specify all required information in policies; § 38.2-511 of the Code by failing to maintain a complete complaint register; §§ 38.2-517 A, 38.2-604 B, 38.2-604 C, 38.2-604.1, 38.2-2125, and 38.2-2210 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-1833 of the Code by paying commissions to agencies/agents that are not appointed by the Defendants; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2118, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code for failing to properly terminate insurance policies; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms of the Code; and 14 VAC 5-390-40 D of the Commission's Rules Governing Insurance Premium Finance Companies, 14 VAC 5-390-10 *et seq.*, as well as 14 VAC 5-400-30, 14 VAC 5-400 70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to Virginia the sum of Forty-four Thousand One Hundred Dollars (\$44,100), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letters to the Bureau dated January 9, 2017, and April 13, 2017, and confirmed that restitution was made to 75 consumers in the amount of Twenty-nine Thousand Sixty-nine Dollars and Seventy-four Cents (\$29,069.74).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00065  
JUNE 14, 2017**

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

v.

TIMOTHY ANDERSON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Timothy Anderson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of Louisiana, California, and Georgia and by providing materially incorrect and untrue information in the license application filed with the Commission.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 12, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the States of Louisiana, California, and Georgia and by providing materially incorrect and untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00068  
JUNE 29, 2017**

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

v.

LARTHENIA JAMES,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Larthenia James ("James" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 A and 38.2-1831 (7) of the Code of Virginia ("Code") by allowing false statements to be made on an insurance application to obtain commissions, and by misrepresenting the terms of an actual or proposed application for insurance.

James is licensed in Virginia as a Life & Annuities and Health agent and is a resident of Stafford, Virginia.

Based on its investigation, the Bureau alleges that in September 2016, James was terminated from American Family Life Assurance Company of Columbus ("Aflac") for cause for, among other things, placing ineligible consumers on group policies. A review of the business indicated that James allowed family members of employees to be included on applications for insurance when they were not eligible for coverage as they were not employees of the business obtaining coverage. After having her employment terminated by Aflac, James has elected to voluntarily surrender her Virginia license.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective June 6, 2017.
- (3) Agreed not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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



Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00070  
JULY 14, 2017**

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

v.  
MEAGHAN RACHEL ANGE,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Meaghan Rachel Ange ("Ange" or "Defendant") violated §§ 38.2-1813 of the Code of Virginia ("Code") by failing to pay funds to the agent entitled to those funds in the ordinary course of business.

Ange is licensed in the Commonwealth of Virginia ("Virginia") as a Property & Casualty agent and is a resident of Ruther Glen, Virginia.

Based on its investigation, the Bureau alleges that Ange accepted bail surety premiums from several Virginians and then converted them for her own use. In lieu of any additional regulatory action being taken, Ange has elected to voluntarily surrender her license.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective May 14, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00072  
JUNE 8, 2017**

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

v.

ARIEL M. HESSING,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ariel M. Hessing ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00072  
JUNE 22, 2017**

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

v.

ARIEL M. HESSING,  
Defendant

**VACATING ORDER**

On June 8, 2017, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the license issued to Ariel M. Hessing ("Defendant") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia for failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report ("Report") and by failing to pay the assessment, penalties, fines, and interest associated with the Report.

As of the date of this Vacating Order, the Defendant has filed the Report and paid the assessment, penalties, fines, and interest associated with the Report. The Commission's Bureau of Insurance therefore has recommended that the Order be vacated and the Defendant's license be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order in this case is hereby VACATED.
- (2) The Defendant's license is hereby REINSTATED.
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2017-00073**  
**JUNE 8, 2017**

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

v.  
 ARPAN PARIKH,  
 Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Arpan Parikh ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00074**  
**JUNE 8, 2017**

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

v.  
 BARRY FLYNN CARSON,  
 Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Barry Flynn Carson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00075  
JUNE 8, 2017**

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

v.

BRIAN C. FLEMING,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brian C. Fleming ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00076  
JUNE 8, 2017**

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

v.

CHRISTOPHER WILLIAM GORDON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher William Gordon ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00077  
JUNE 8, 2017**

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

v.

DAVID JEFFREY SEGAL,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that David Jeffrey Segal ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in the Commonwealth is hereby REVOKED.
- (2) The Defendant shall transact no further business in the Commonwealth as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00078  
JUNE 8, 2017**

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

v.

GADI BINNESS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gadi Binness ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00079  
JUNE 8, 2017**

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

v.  
GARY DUBOIS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gary Dubois ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00080  
JUNE 8, 2017**

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

v.  
GREGORY PIERCE MORRIS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Gregory Pierce Morris ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00081  
JUNE 8, 2017**

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

v.

HENRY STUART RISMAN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Henry Stuart Risman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.



**CASE NO. INS-2017-00082  
JUNE 8, 2017**

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

v.  
JACK ROSMARIN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jack Rosmarin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00083  
JUNE 8, 2017**

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

v.  
JAMES ALBERT GIBSON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Albert Gibson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00084  
JUNE 8, 2017**

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

v.

JAMES KENNETH HUGHES, JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Kenneth Hughes, Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00085  
JUNE 8, 2017**

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

v.  
JAMES T. MARTIN III,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James T. Martin III ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00086  
JUNE 8, 2017**

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

v.  
JAY K. LEVY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jay K. Levy ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00087  
JUNE 7, 2017**

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

v.  
JOEL A. SAULS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joel A. Sauls ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00088  
JUNE 7, 2017**

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

v.  
JOHN A. WITHERSPOON IV,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John A. Witherspoon IV ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00089  
JUNE 8, 2017**

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

v.  
JOHN CURTIS ENGLER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Curtis Engler ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00090  
JUNE 8, 2017**

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

v.

JUSTINE WHITE FALLETTA,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Justine White Falletta ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00091  
JUNE 8, 2017**

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

v.  
KRISTIE DEANN CAMPOS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kristie Deann Campos ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00092  
JUNE 8, 2017**

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

v.  
MONA CHUSTZ JEWELL,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mona Chustz Jewell ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00093  
JUNE 8, 2017**

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

v.

NICOLE C. MEDINA,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nicole C. Medina ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.



**CASE NO. INS-2017-00094  
JUNE 8, 2017**

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

v.  
PETER GERARD MCKEEGAN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Peter Gerard McKeegan ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00095  
JUNE 8, 2017**

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

v.  
ROBERT PERRY HARLING JR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robert Perry Harling Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00096  
JUNE 7, 2017**

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

v.

ROD MOORE,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rod Moore ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00097  
JUNE 7, 2017**

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

v.  
SHARON ROSE HAYWARD,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sharon Rose Hayward ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00098  
JUNE 7, 2017**

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

v.  
SHERI MARIE PONTOLILLO,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sheri Marie Pontolillo ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00099  
JUNE 7, 2017**

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

v.  
TRISTAN A. COMPTON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tristan A. Compton ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00100**  
**JUNE 7, 2017**

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

v.  
 WILLIAM MECKLENBURG,  
 Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that William Mecklenburg ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00101**  
**JUNE 7, 2017**

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

v.  
 A DAVID RISMAN INSURANCE AGENCY, INC.,  
 Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that A David Risman Insurance Agency, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00102  
JUNE 7, 2017**

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

v.

AEGIS INSURANCE SERVICES, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Aegis Insurance Services, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00103  
JUNE 7, 2017**

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

v.  
HGR GROUP, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that HGR Group, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00103  
JUNE 30, 2017**

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

v.  
HGR GROUP, INC.,  
Defendant

**VACATING ORDER**

On June 7, 2017, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the license issued to HGR Group, Inc. ("Defendant"), to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia for failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

As of the date of this Vacating Order, the Defendant has paid the assessment, penalties, fines, and interest. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's license be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order in this case is hereby VACATED.
- (2) The Defendant's license is hereby REINSTATED.
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2017-00105  
JUNE 8, 2017**

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

v.

MOORE'S FINANCIAL GROUP, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Moore's Financial Group, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00107  
JUNE 7, 2017**

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

v.

MOVING INSURANCE, LLC,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Moving Insurance, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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



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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00109  
JULY 13, 2017**

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

For modification of the Final Order to allow Anthem or HealthKeepers, Inc., to offer the Anthem Health Guide program to the Southern States Cooperative insured healthcare plan from locations outside of Virginia.

**FINAL ORDER**

On May 24, 2017, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-100 B of the State Corporation Commission's ("Commission") Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, and the Final Order entered in Case No. INS-2007-00141.<sup>1</sup> In the Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located in Virginia to offices located outside of Virginia, it should file a petition with the Commission "setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."<sup>2</sup>

In this Petition, the Petitioners are requesting that the Final Order be modified to allow Anthem or HealthKeepers, Inc., to offer the Anthem Health Guide program to the Southern States Cooperative insured healthcare plan from locations outside of Virginia.<sup>3</sup>

The Petitioners represent that an advance draft of the Petition has been provided to the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Medical Society of Virginia ("MSV"), and the Commission's Bureau of Insurance ("Bureau") and that MSV has authorized the Petitioners to represent that it does not object to the Petition.<sup>4</sup>

On June 8, 2017, the Commission entered a Scheduling Order in which it provided a deadline of June 21, 2017, for interested persons to file comments or a notice of participation as a respondent in this matter and provided a deadline of June 30, 2017, for the Bureau to file a response to the Petition.

On June 28, 2017, Consumer Counsel filed comments stating that it did not object to the Petition. On June 29, 2017, the Bureau filed its response to the Petition in which it stated that it did not object to the Petition. No notices of participation were filed.

NOW THE COMMISSION, having considered the Petition, the comments of Consumer Counsel, and the Bureau's response, finds that the Petition should be granted.

<sup>1</sup> *Petition of Anthem Health Plans of Virginia, Inc., et al., For Amendment of Final Order in Case No. INS-2002-00131, Case No. INS-2007-00141, 2007 S.C.C. Ann. Rept. 114, Final Order (Aug. 9, 2007) (hereinafter, "Final Order").*

<sup>2</sup> *Id.* at 116, para. 4.

<sup>3</sup> Petition at 2 and 3.

<sup>4</sup> *Id.* at 5 and 6.

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's petition is hereby GRANTED.
- (2) Anthem is permitted to offer the Anthem Health Guide program to the Southern States Cooperative insured healthcare plan from locations outside of Virginia.
- (3) The other provisions of the Final Order hereby are not affected, and Anthem shall continue to comply therewith.
- (4) This matter is DISMISSED, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00110  
JUNE 6, 2017**

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

v.

CHRISTOPHER MICHAEL FITZGERALD,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), it is alleged that Christopher Michael Fitzgerald ("Fitzgerald" or "Defendant") violated § 38.2-512 A of the Code of Virginia ("Code") by making false or fraudulent statements or representations on or relative to an application relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit from any insurer.

Fitzgerald is licensed in the Commonwealth of Virginia ("Virginia") as a Property & Casualty agent and is a resident of Vinton, Virginia.

On April 10, 2017, Allstate Insurance Company ("Allstate") notified the Bureau that it had terminated Fitzgerald's appointments as a licensed representative for, among other things, submitting false applications. After receiving the complaint, the Bureau began an investigation. Based on the findings of that investigation, the Bureau alleges that Fitzgerald completed 29 fraudulent insurance applications and submitted them to Allstate to obtain advanced commissions. In lieu of any additional regulatory action being taken, Fitzgerald elected to voluntarily surrender his license.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective May 25, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00111  
JUNE 14, 2017**

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

**SETTLEMENT ORDER**

Based on a market conduct investigation performed by the Bureau of Insurance ("Bureau"), it is alleged that Electric Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated February 28, 2017, and confirmed that restitution was made to 51 consumers in the amount of Two Thousand Thirty-four Dollars and Twenty-nine Cents (\$2,034.29).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00112  
JUNE 8, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
SUSANA MAGALHAES,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Susan Magalhaes ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to file the Surplus Lines Broker's Annual Maintenance Assessment Report and by failing to pay the assessment, penalties, fines, and interest associated with the report.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to ninety (90) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00114  
JUNE 20, 2017**

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

v.  
JONATHAN BRIAN COZENS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jonathan Brian Cozens ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00114  
JUNE 30, 2017**

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

v.  
JONATHAN BRIAN COZENS,  
Defendant

**VACATING ORDER**

On June 20, 2017, the State Corporation Commission ("Commission") entered an Order Revoking License ("Order") in this case revoking the license issued to Jonathan Brian Cozens ("Defendant"), to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia") for failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

As of the date of this Vacating Order, the Defendant has paid the assessment, penalties, fines and interest. The Commission's Bureau of Insurance has therefore recommended that the Order be vacated and the Defendant's license be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order in this case is hereby VACATED.
- (2) The Defendant's license is hereby REINSTATED.
- (3) The papers herein be placed in the file for ended causes.

**CASE NO. INS-2017-00115  
JUNE 20, 2017**

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

v.  
KEVIN MICHAEL TOPPER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kevin Michael Topper ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00117  
JUNE 20, 2017**

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

v.

ART HAUSER INSURANCE, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Art Hauser Insurance, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00119  
JUNE 20, 2017**

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

v.

JOSEPH M. WORRALL,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joseph M. Worrall ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00120  
JUNE 20, 2017**

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

v.  
MEDSUPPS SOLUTIONS, LLC,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that MedSupps Solutions, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00122  
JUNE 22, 2017**

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

v.

BRENT RAYMOND BITTNER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brent Raymond Bittner ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00123  
JUNE 22, 2017**

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

v.

DONNA MARIE MIS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Donna Marie Mis ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00125  
JUNE 22, 2017**

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

v.  
TIMOTHY FULLER TRESCA,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Timothy Fuller Tresca ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00126  
JUNE 22, 2017**

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

v.

JAMES BLICK,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Blick ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 18, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00130  
JUNE 22, 2017**

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

v.

METLIFE AUTO & HOME INSURANCE AGENCY, INC.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that MetLife Auto & Home Insurance Agency, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00131  
JUNE 30, 2017**

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

v.  
MARGARITA MAGDALENA DILONE,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Margarita Magdalena Dilone ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00133  
JUNE 22, 2017**

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

v.

JOY ANN JOHNSTON KELLER,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joy Ann Johnston Keller ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00137  
JUNE 22, 2017**

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

v.

SMITHA VISWAMBHARAN,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Smitha Viswambharan ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00139  
JUNE 22, 2017**

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

v.  
ROBERT S. SCHIRMER, SR.,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robert S. Schirmer, Sr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 13, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 and 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment and associated penalties, fines, and interest.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as a surplus lines broker in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia as a surplus lines broker.
- (3) The Defendant shall not apply for a license to transact the business of insurance as a surplus lines broker in Virginia prior to thirty (30) days from the date of entry of this Order Revoking License.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00141  
JUNE 20, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Minimum Standards for Medicare Supplement Policies

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 170 of Title 14 of the Virginia Administrative Code entitled Rules Governing Minimum Standards for Medicare Supplement Policies, 14 VAC 5-170-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-170-30, 14 VAC 5-170-60, 14 VAC 5-170-85, and 14 VAC 5-170-150, and add a new Rule at 14 VAC 5-170-87.

The amendments to the Rules are necessary to conform to the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), which was signed into law on April 16, 2015. This piece of legislation prohibits the sale of Medigap policies that cover Part B deductibles to "newly eligible" Medicare beneficiaries, defined as those individuals who have attained age 65 on or after January 1, 2020, or first become eligible for Medicare due to age, disability, or end-stage renal disease on or after January 1, 2020. In addition to the changes made pursuant to MACRA, the proposed amendments include updated deductible amounts.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-170-30, 14 VAC 5-170-60, 14 VAC 5-170-85, and 14 VAC 5-170-150, and add a new Rule at 14 VAC 5-170-87, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to amend the Rules at 14 VAC 5-170-30, 14 VAC 5-170-60, 14 VAC 5-170-85, and 14 VAC 5-170-150, and add a new Rule at 14 VAC 5-170-87, is attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the amendments to the Rules, shall file such comments or hearing request on or before August 10, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2017-00141.

(3) If no written request for a hearing on the proposal to amend the Rules is received on or before August 10, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may amend the Rules.

(4) The Bureau forthwith shall provide notice to all health insurance issuers licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in this Commonwealth and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend the Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed amendment to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

Note: A copy of the 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. INS-2017-00141  
AUGUST 21, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Minimum Standards for Medicare Supplement Policies

**ORDER ADOPTING REVISIONS TO RULES**

On June 20, 2017, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing Minimum Standards for Medicare Supplement Policies set forth in Chapter 170 of Title 14 of the Virginia Administrative Code ("Rules").

These amendments were proposed by the Bureau of Insurance ("Bureau") to conform the Rules to the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), which was signed into law on April 16, 2015. This piece of legislation prohibits the sale of Medigap policies that cover Part B deductibles to "newly eligible" Medicare beneficiaries, defined as those individuals who have attained age 65 on or after January 1, 2020, or first become eligible for Medicare due to age, disability, or end-stage renal disease on or after January 1, 2020. In addition to the changes made pursuant to MACRA, the proposed amendments include updated deductible amounts.

The Order required that on or before August 10, 2017, any person requesting a hearing on the amendments to the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk.

The Order also required any interested persons to file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before August 10, 2017. No comments were filed with the Clerk.

NOW THE COMMISSION, having considered the proposed amendments to the Rules, is of the opinion that the attached amendments to the Rules should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The amendments to the Rules Governing Minimum Standards for Medicare Supplement Policies at Chapter 170 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-170-30, 14 VAC 5-170-60, 14 VAC 5-170-85, and 14 VAC 5-170-150, and add a new Rule at 14 VAC 5-170-87, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective October 1, 2017.
- (2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules to all health insurance issuers licensed to issue policies of accident and sickness insurance, subscription contracts, or evidences of coverage in this Commonwealth and to all interested persons.
- (3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the final amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: <http://www.scc.virginia.gov/case>.
- (5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

NOTE: A copy of the Attachment entitled "Rules Governing Minimum Standards for Medicare Supplement Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2017-00142  
AUGUST 18, 2017**

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

v.  
DOMINIC F. ALESSI,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Dominic F. Alessi ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri and by providing incomplete information in the license application filed with the Commission.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 23, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri and by providing incomplete information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00153  
JUNE 14, 2017**

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

v.

STATE AUTO PROPERTY AND CASUALTY INSURANCE COMPANY

and

STATE AUTOMOBILE MUTUAL INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that State Auto Property and Casualty Insurance Company and State Automobile Mutual Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for an amount totaling Five Thousand Dollars (\$5,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated April 28, 2017, and confirmed that restitution was made to 21 consumers in the amount of One Hundred Forty-three Dollars and Ten Cents (\$143.10).

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



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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00154  
JUNE 21, 2017**

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

v.

1<sup>ST</sup> CHOICE TITLE, INC., *et al.*,  
Defendants

**ORDER REVOKING LICENSE**

Based on a review of the records of the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, whose names are set forth in Attachment A, which is attached hereto and made a part hereof, each of whom is duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agency in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1820 and 38.2-1826 E of the Code of Virginia ("Code") by failing to designate a licensed employee, officer or director to serve as the "designated licensed producer" responsible for the agencies' compliance with Virginia's insurance laws.<sup>1</sup>

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

The Defendants have been notified of their right to a hearing before the Commission in this matter by certified letters dated May 5, 2017 and mailed to the Defendants' addresses shown in the records of the Bureau. Prior to that, the Defendants were notified by letters dated June 8, 2016, December 1, 2016, and March 1, 2017 of their alleged noncompliance with §§ 38.2-1820 and 38.2-1826 E of the Code.

The Defendants, having been advised in the above manner of their rights to a hearing in this matter, have failed to request a hearing.

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

NOW THE COMMISSION is of the opinion and finds that the Defendants have violated §§ 38.2-1820 and 38.2-1826 E of the Code by failing to designate a licensed employee, officer or director to serve as the "designated licensed producer" responsible for the agencies' compliance with Virginia's insurance laws.

Accordingly, IT IS ORDERED THAT:

- (1) The licenses of the Defendants to transact business as an insurance agency in Virginia are hereby REVOKED.
- (2) All appointments issued under said licenses are hereby VOID.
- (3) The Defendants shall transact no further business in Virginia as an insurance agency.
- (4) The Defendants shall not apply to the Commission to be licensed as an insurance agency for thirty (30) days from the date of this Order.<sup>2</sup>
- (5) The Bureau shall provide each Defendant with a copy of this Order and notify every insurance company for which the Defendants hold an appointment to act as an insurance agency.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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

<sup>1</sup> The Bureau's review was prompted by legislation effective July 1, 2016 that imposed additional requirements on agencies to notify the Bureau of their designated licensed producer. Prior to requesting the legislation, the Bureau worked with various industry stakeholders to identify any potential areas of concern.

<sup>2</sup> Upon the expiration of the thirty (30) day revocation period, any Defendant may become relicensed by visiting [www.nipr.com](http://www.nipr.com) or [www.sircon.com/virginia](http://www.sircon.com/virginia) and submitting a new application along with payment of a \$15 application fee and a nominal service fee.

**CASE NO. INS-2017-00154**  
**JUNE 29, 2017**

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

v.  
1<sup>ST</sup> CHOICE TITLE, INC., *et al.*,  
Defendants

**ORDER OF MODIFICATION**

In an Order Revoking License ("Order") entered herein June 21, 2017, the State Corporation Commission ("Commission") revoked the licenses of Defendants, whose names are set forth in Attachment A, which is attached hereto and made a part hereof, based on their failure to notify the Bureau of Insurance ("Bureau") of their "designated license producer" in violation of §§ 38.2-1820 and 38.2-1826 E of the Code of Virginia ("Code"). Ordering Paragraph (4) of the Order also prohibited the Defendants from reapplying for their license for thirty (30) days from the date of the Order.

The Commission finds that the Order should be modified to allow the Defendants the opportunity to reapply and obtain their licenses immediately provided they include the name of their designated license producer on the application. Furthermore, the Commission shall vacate the Order Revoking License as to any Defendant that elects to reapply and provide the required information.

Accordingly, IT IS ORDERED THAT:

- (1) Ordering Paragraph (4) of the Order is hereby amended to state the following: The Defendants may immediately reapply to the Commission to be licensed as an insurance agency. The Commission shall also vacate this Order as to any Defendant that provides the name of its "designated licensed producer" on the application.
- (2) The Bureau shall provide each Defendant with a copy of this Order.
- (3) All other provisions of the Order Revoking License entered June 21, 2017, shall remain in full force and effect.

**CASE NO. INS-2017-00155**  
**SEPTEMBER 8, 2017**

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

Applicant  
v.  
RECIPROCAL OF AMERICA and THE RECIPROCAL GROUP,  
Respondents

**FINAL ORDER**

On June 16, 2017, Jacqueline K. Cunningham, Commissioner for the State Corporation Commission's ("Commission") Bureau of Insurance, in her capacity as Deputy Receiver of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, "Companies"), in receivership for liquidation, submitted her Application for Final Order Approving Various Wind-Down Matters ("Application"). The Application requested an order: (i) providing for a contingent hearing, to be held only in the event that written objection to the Application is timely filed; (ii) establishing response procedures; and (iii) approving notice procedures. The Application also sought a second, final Commission order: (i) ratifying the Deputy Receiver's compromise of claims asserted in the TRG estate by the Pension Benefit Guaranty Corporation ("PBGC Settlement Agreement"); (ii) ratifying the Deputy Receiver's commutation of a certain settlement trust agreement with General Reinsurance Corporation ("General Re Commutation Agreement"); (iii) ratifying the Deputy Receiver's compromise of claims asserted by the Companies in the liquidation of certain Tennessee risk retention groups ("Tennessee Settlement"); (iv) ratifying the record retention schedule attached to the Application, subject to any requirement to retain for a longer period any records relevant to pending or anticipated litigation ("Record Retention Schedule"); (v) ratifying the conduct and wind down of the receivership by the Deputy Receiver, her predecessor and their deputies, counsel, and consultants heretofore; (vi) approving the Deputy Receiver's establishment of a reserve of \$500,000 for TRG's final expenses and contingencies ("Reserve for TRG Final Expenses and Contingencies"); (vii) approving the Deputy Receiver's establishment of a reserve of \$10,000,000 for ROA's final expenses and contingencies ("Reserve for ROA Final Expenses and Contingencies"); (viii) approving the Deputy Receiver's execution, after the payment of all approved claims of the Companies (subject to the reserves for the Companies' respective wind-down costs, expenses, and contingencies), of an agreement to establish a liquidating trust for the purposes set forth herein; (ix) approving the distribution of the Companies' assets in the manner proposed herein; and (x) authorizing the Deputy Receiver to file notice and a report with the Commission, along with a recommendation that this receivership proceeding be closed, after the purposes of the liquidating trust and the receivership have been accomplished, any remaining assets in the liquidating trust have been distributed, and the liquidating trust has terminated.

On June 23, 2017, the Commission entered its Scheduling Order on the Application approving notice procedures; providing for a contingent hearing, to be held only in the event that any person objecting to the relief requested in the Application file a Notice of Objection to the Application no later than August 24, 2017 ("Contingent Hearing"); and establishing response procedures.

No Notices of Objection to the Application were filed.

NOW THE COMMISSION, having considered the Application, finds that the Contingent Hearing should be cancelled and that the relief sought by the Deputy Receiver should be granted as herein set forth.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission ratifies:
  - a. The PBGC Settlement Agreement;
  - b. The General Re Commutation Agreement;
  - c. The Tennessee Settlement;
  - d. The Record Retention Schedule, attached to the Application as Exhibit 4; and
  - e. The conduct and wind down of the receivership by the Deputy Receiver, her predecessor and their deputies, counsel, and consultants heretofore.
  
- (2) The Commission authorizes the Deputy Receiver, without further action by the Commission, to:
  - a. Establish the Reserve for TRG Final Expenses and Contingencies for the purposes and in the manner and amount proposed in the Application;
  - b. Establish the Reserve for ROA Final Expenses and Contingencies for the purposes and in the manner and amount proposed in the Application;
  - c. Establish the proposed Liquidating Trust, for the purposes set forth in the Application;
  - d. Distribute TRG's assets and ROA's assets in the manner proposed in the Application;
  - e. Take any other necessary or appropriate steps, not contrary to the Commission's Final Order, to facilitate and expedite the closing of the receivership; and
  - f. File a closing report with the Commission after the purposes of the Liquidating Trust have been accomplished, any remaining assets in the Liquidating Trust have been distributed, and the Liquidating Trust has terminated (including providing that if the Liquidating Trustee estimates that the costs of distributing any remainder of the Reserve for TRG Final Expenses and Contingencies pro rata to TRG's creditors, or that the costs of distributing any remainder of the Reserve for ROA Final Expenses and Contingencies pro rata to ROA creditors, would exceed the amount of those remaining assets, the Liquidating Trustee shall instead pay those remaining funds to the Treasurer of the Commonwealth of Virginia).
  
- (3) The Contingent Hearing set in this matter is cancelled.
  
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended cases.

Commissioner Jagdmann did not participate in this matter.

**CASE NO. INS-2017-00156  
JUNE 29, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
JASON ADAM EVERETT,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jason Adam Everett ("Everett" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1831 (8), 38.2-1831 (10), and 38.2-1831 (11) of the Code of Virginia ("Code") by having been found to have committed any insurance unfair trade practice or fraud, by using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, or untrustworthiness in the conduct of business in this Commonwealth or elsewhere, or demonstrating financial irresponsibility in the handling of applicant, policyholder, agency, or insurance company funds, and by having an insurance producer license, or its equivalent, denied, suspended or revoked in any other state, province, district or territory.

Everett is licensed in Virginia as a non-resident Life & Annuities and Health insurance agent and is a resident of Reading, Pennsylvania.

Based on its investigation, the Bureau alleges that Everett made false and/or misleading statements and misrepresentations to at least two prospective policyholders about policy terms and conditions to include misleading customers to believe benefits were included in the premium at no additional cost and leading customers to believe that they had prescription coverage when in fact they received only a discount card. In addition, the Bureau

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alleges that the State of Louisiana revoked his license and the State of Pennsylvania fined him \$5,000 for having engaged in similar conduct. After discussing the matter with the Bureau, Everett has opted to voluntarily surrender his Virginia license.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective June 16, 2017.
- (3) Agreed not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00157  
JULY 19, 2017**

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

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Unified Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated 14 VAC 5-170-120 C of the Commission's Rules Governing Minimum Standards for Medicare Supplement Policies, 14 VAC 5-170-10 *et seq.*, by failing to file timely with the Commission its annual premium rates, rating schedules, and supporting documentation.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Fifteen Thousand Dollars (\$15,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the corrective action plan set forth in the Bureau's letter dated June 22, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall cease and desist from any conduct which constitutes a violation of Rule 14 VAC 5-170-120 C.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00159**  
**AUGUST 1, 2017**

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

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that American Strategic Insurance Corporation ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide accurate information required by the statute in the policies; violated §§ 38.2-305 B, 38.2-604 B, 38.2-604 C, 38.2-604.1, 38.2-610 A, 38.2-2118, 38.2-2120, 38.2-2124, 38.2-2125, 38.2-2126 A, and 38.2-2129 of the Code by failing to accurately provide the required notices to insureds; violated §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; violated § 38.2-1822 A of the Code by permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission; violated §§ 38.2-1906 A, 38.2-1906 D, and 38.2-2104 of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; violated §§ 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2114 E of the Code by failing to properly terminate insurance policies; and violated § 38.2-510 A 1 of the Code, as well as 14 VAC 5-400 30 of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Thirty-seven Thousand Seven Hundred Dollars (\$37,700), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated February 24, 2017, and May 2, 2017, and confirmed that restitution was made to 15 consumers in the amount of Four Thousand Two Hundred Sixty-two Dollars and Ninety-three Cents (\$4,262.93).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00161**  
**JULY 14, 2017**

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

*Ex Parte:* In the matter of Adopting New Rules Governing Corporate Governance Annual Disclosures

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to promulgate new rules at Chapter 265 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Corporate Governance Annual Disclosures," which are recommended to be set out at 14 VAC 5-265-10 through 14 VAC 5-265-50.

The proposed new rules are necessary to implement the provisions of §§ 38.2-1334.11 through 38.2-1334.17 of the Code, which were enacted in Chapter 643 of the 2017 Acts of Assembly (HB 2102) and require each insurer domiciled in the Commonwealth of Virginia, or the insurance group of which

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the insurer is a member, to submit to the Commission a Corporate Governance Annual Disclosure. These new rules establish procedures for filing, and the required contents of, the Corporate Governance Annual Disclosure. The amendments to the Code are effective on January 1, 2018.

NOW THE COMMISSION is of the opinion that the proposal to adopt new rules recommended to be set out at Chapter 265 in the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of January 1, 2018.

Accordingly, IT IS ORDERED THAT:

(1) The proposed new rules entitled "Rules Governing Corporate Governance Annual Disclosures," recommended to be set out at 14 VAC 5-265-10 through 14 VAC 5-265-50 are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the adoption of proposed Chapter 265, shall file such comments or hearing request on or before September 21, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2017-00161.

(3) If no written request for a hearing on the adoption of the proposed new rules as outlined in this Order is received on or before September 21, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the rules as submitted by the Bureau.

(4) The Bureau forthwith shall give notice of the proposal by mailing a copy of this Order, together with the proposal, to all insurers domiciled in Virginia and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

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

**CASE NO. INS-2017-00161  
OCTOBER 17, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Corporate Governance Annual Disclosures

**ORDER ADOPTING RULES**

By Order to Take Notice ("Order") entered July 14, 2017, insurers and interested persons were ordered to take notice that subsequent to September 21, 2017, the State Corporation Commission ("Commission") would consider the entry of an order adopting new rules to be set forth in Chapter 265 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Corporate Governance Annual Disclosures ("Rules"), which adds new Rules at 14 VAC 5-265-10 through 14 VAC 5-265-50, unless on or before September 21, 2017, any person objecting to the adoption of the new Rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The new Rules are necessary to implement the provisions of §§ 38.2-1334.11 through 38.2-1334.17 of the Code of Virginia ("Code"), which were enacted in Chapter 643 of the 2017 Acts of Assembly (HB 2102) and require each insurer domiciled in the Commonwealth of Virginia, or the insurance group of which the insurer is a member, to submit to the Commission a Corporate Governance Annual Disclosure. These new rules establish procedures for filing the Corporate Governance Annual Disclosure and its required contents. The amendments to the Code are effective on January 1, 2018.

The Order required insurers and interested persons to file their comments in support of or in opposition to the proposed new Rules with the Clerk on or before September 21, 2017.

On September 15, 2017, the American Council of Life Insurers filed comments in support of the new Rules. No requests for a hearing were filed with the Clerk.

The Commission's Bureau of Insurance ("Bureau") has recommended a non-substantive revision to 14 VAC 5-265-30 of the Rules, deleting the reference to the National Association of Insurance Commissioner's Quarterly Financial Analysis Handbook and replacing it with a reference to § 38.2-1334.12 of the Code.

NOW THE COMMISSION, having considered the proposed new Rules, the comments filed, and the recommended revision to the proposal, is of the opinion that the attached new Rules should be adopted with an effective date of January 1, 2018.

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Accordingly, IT IS ORDERED THAT:

- (1) The new Rules entitled Rules Governing Corporate Governance Annual Disclosures, to be set out at 14 VAC 5-265-10 through 14 VAC 5-265-50 which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2018.
- (2) The Bureau forthwith shall give notice of the adoption of the Rules to all insurers domiciled in Virginia and to interested persons.
- (3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the new Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (4) The Commission's Division of Information Resources shall make available this Order and the attached new Rules on the Commission's website: <http://www.scc.virginia.gov/case>.
- (5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.
- (6) This case is dismissed, and the papers herein shall be place in the file for ended causes.

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

**CASE NO. INS-2017-00162  
AUGUST 1, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
LOGAN TITLE, LLC,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Logan Title, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 55-525.24 A, 55.525.24 B, and 38.2-1822 E of the Code of Virginia ("Code"), as well as 14 VAC 5-395-60 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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

**CASE NO. INS-2017-00163  
AUGUST 4, 2017**

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

v.

DAN REX HOOD, JR.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Dan Rex Hood, Jr. ("Hood" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1809 and 38.2-1813 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold funds received from insureds in a fiduciary capacity, and by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

Hood is licensed in Virginia as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Newport News, Virginia.

Based on its investigation, the Bureau alleges that Hood accepted insurance premiums from Virginia consumers and then failed to remit them to the insurer in the ordinary course of business. The Bureau first learned of this activity in May of 2017 when it was reported that drafts from accounts belonging to Hood – that should have contained insurance premiums – were being returned for insufficient funds. Thereafter, the Bureau attempted to discuss the matter with Hood on several occasions; however, Hood failed to reply to the Bureau's requests. Subsequently, Hood contacted the Bureau *via* mail and offered to surrender his insurance license.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective June 26, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.



**CASE NO. INS-2017-00164  
AUGUST 4, 2017**

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

v.  
ANTHONY RAY HOWARD,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthony Ray Howard ("Howard" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1822 and 38.2-1831 (10) of the Code of Virginia ("Code") by knowingly permitting a person to act as an insurance agent without such person first obtaining a license in the manner and form prescribed by the Commission and by demonstrating incompetence or untrustworthiness in the conduct of business in Virginia.

Howard is licensed in Virginia as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Hampton, Virginia.

The Bureau alleges that within the last year, Howard was engaged in the business of insurance and acting in a managerial capacity at an insurance agency in Hampton, Virginia. While acting in his managerial capacity, the Bureau alleges that Howard knowingly allowed an unlicensed individual to sell, solicit, and negotiate contracts of insurance on his behalf. When presented with the Bureau's allegations, Howard elected to voluntarily surrender his insurance licenses.

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

The Defendant has been advised of his right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived his right to a hearing.
- (2) Agreed to the voluntary surrender of his authority to transact the business of insurance in Virginia, effective July 1, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00165  
AUGUST 4, 2017**

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

v.  
SHERYL CURTIS HOOD,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sheryl Curtis Hood ("Hood" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1809 and 38.2-1813 of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees, by failing to hold funds received from insureds in a fiduciary capacity, and by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

Hood is licensed in Virginia as a Life & Annuities, Health, and Property & Casualty agent and is a resident of Newport News, Virginia.

Based on its investigation, the Bureau alleges that Hood accepted insurance premiums from Virginia consumers and then failed to remit them to the insurer in the ordinary course of business. The Bureau first learned of this activity in May of 2017 when it was reported that drafts from accounts belonging to Hood – that should have contained insurance premiums – were being returned for insufficient funds. Thereafter, the Bureau attempted to discuss the matter with Hood on several occasions; however, Hood failed to reply to the Bureau's requests. Subsequently, Hood contacted the Bureau *via* mail and offered to surrender her insurance license.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective June 26, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall not make application to transact the business of insurance in Virginia for a period of five (5) years from the date of the voluntary surrender.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00167  
JULY 25, 2017**

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

v.  
DANIEL MENDEZ,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daniel Mendez ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 9, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Florida.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00168  
AUGUST 18, 2017**

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

v.  
AETNA LIFE INSURANCE COMPANY, INNOVATION HEALTH PLAN, INC.,  
AETNA HEALTH, INC., and INNOVATION HEALTH INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Aetna Life Insurance Company, Innovation Health Plan, Inc., Aetna Health, Inc., and Innovation Health Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-511 of the Code of Virginia ("Code") by failing to maintain a complete complaint register; § 38.2-3559 of the Code by failing to comply with notice requirements for external review; 14 VAC 5-216-30 B of the Commission's Rules Governing Internal Appeal and External Review ("Rules"), 14 VAC 5-216-10 *et seq.*, by failing to comply with internal appeal and external review procedures; Rule 14 VAC 5-216-40 E (1) by failing to notify covered persons of the final benefit determination on a pre-service claim review request within 30 days of receipt; and Rule 14 VAC 5-216-40 E (2) by failing to notify covered persons of the final benefit determination on post-service claim review requests within 60 days of receipt.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040, and 38.2-4316 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to Virginia the sum of Sixteen Thousand Dollars (\$16,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in the Bureau's letter dated July 13, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00169  
DECEMBER 4, 2017**

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

v.

STARR INDEMNITY AND LIABILITY COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Starr Indemnity and Liability Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-305 B of the Code of Virginia ("Code") by failing to include the required notice in policy forms; §§ 38.2-316 A, 38.2-316 B, and 38.2-316 C (1) of the Code by failing to comply with policy form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; § 38.2-503 of the Code by engaging in deceptive and misleading advertising practices; § 38.2-514 B of the Code by failing to make proper disclosure in the explanation of benefits; § 38.2-606 of the Code by utilizing a disclosure authorization form without the proper disclosures; § 38.2-1318 C of the Code by failing to provide convenient access to company records; § 38.2-1812 A of the Code by paying commissions to agents that are not properly licensed and appointed; § 38.2-1822 A of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 A (1) of the Code by failing to comply with agent appointment requirements; §§ 38.2-3405 A and 38.2-3405 B of the Code by including subrogation provisions in policy forms and by improperly allowing the subrogation of a claims payment; § 38.2-3407.1 B of the Code by failing to comply with the requirement for the payment of interest on claim proceeds; § 38.2-3407.4 A of the Code by failing to file for approval its explanation of benefits forms prior to use; § 38.2-3407.4 B of the Code by failing to accurately and clearly set forth the benefits payable under the contract in the explanation of benefits; § 38.2-3407.6:1 A of the Code by failing to include the required notice of denial of benefits for certain prescription drugs prohibited in policy forms; § 38.2-3415 of the Code by issuing policy forms that include prohibited exclusions or reductions in benefits; § 38.2-3431 B of the Code by failing to include individual health insurance in the definition of creditable coverage in policy forms; § 38.2-3439 A of the Code by failing to make dependent coverage available for a child until such child attains the age of 26; §§ 38.2-3440 A and 38.2-3440 B of the Code by failing to comply with lifetime and annual limits requirements in policy forms; § 38.2-3442 of the Code by failing to include coverage for preventive services in policy forms; §§ 38.2-3442 A (2) and 38.2-3442 A (3) of the Code by failing to provide the required coverage for immunizations and preventive services; § 38.2-3443 C of the Code by failing to provide notice to a covered person of the terms and conditions of the plan related to the designation of a participating health care professional in policy forms; § 38.2-3444 A of the Code by failing to comply with preexisting condition exclusions requirements; § 38.2-3445 of the Code by failing to provide required coverage for emergency services in policy forms; § 38.2-3525 E of the Code by failing to include the eligibility requirement in policy forms; § 38.2-3527 of the Code by failing to include the grace period provision required in policy forms; § 38.2-3529 of the Code by failing to include the required entire contract provision in policy forms; § 38.2-3534 of the Code by failing to provide notice of claim provisions in policy forms; § 38.2-3536 B of the Code by failing to provide proof of loss provisions in policy forms; § 38.2-3537 of the Code by failing to provide timing of payment of claims after receipt of proof of loss provisions in policy forms; 14 VAC 5-90-60 B (1), 14 VAC 5-90-70, 14 VAC 5-90-130 A, and 14 VAC 5-90-170 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertisement requirements; 14 VAC 5-216-30 B of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.*, by failing to comply with internal appeal and external review procedures approved by the Commission; and 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Fifty-Three Thousand Dollars (\$53,000) and waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of June 30, 2013.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall cease and desist from future violations of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C (1), 38.2-1812 A, 38.2-1822 A, and 38.2-1833 A (1) of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00171  
AUGUST 4, 2017**

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

v.  
KYLE THOMAS MILLS,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of Kyle Thomas Mills ("Mills") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the investigation, the Bureau alleges the following:

Mills is a resident of Richmond, Virginia, who was licensed to sell health insurance as well as life insurance from 1997 until 2017.<sup>1</sup> Mills also was licensed to sell annuities in Virginia from 1998 until 2017.

In September 2016, the Bureau received a complaint regarding Mills and his business relationship with another insurance agent, James Michael Johnson ("Johnson"). The Bureau opened an investigation and determined that Mills signed annuity contracts issued by Allianz Life Insurance Company of North America ("Allianz") that were sold by Johnson over an approximately 18-month period. During that time, Mills was appointed with Allianz while Johnson was not appointed with Allianz. The Bureau alleges that Mills's conduct is in violation of §§ 38.2-512.A and 38.2-1831.10 of the Code.

Based on its investigation, the Bureau alleges that Mills and Johnson began working together in 2013 at Mills's firm in Henrico, Virginia. All of Johnson's existing clients became advisory clients of Mills's firm. As principal of the firm, Mills was generally familiar with Johnson's clients, their holdings, their risk tolerance, and their investment objectives. In December 2013, Johnson presented Mills with a completed Allianz indexed annuity contract that was already signed by an existing advisory client. Johnson, however, was not appointed with Allianz. Mills, who was appointed with Allianz, signed the certification on the application regarding the applicant's responses as well as disclosures made to the applicant – even though he had never spoken to the applicant about the Allianz contract – and the application was submitted to Allianz.

Based on the investigation, Mills's continued to sign applications for Allianz annuity contracts sold by Johnson between January 2014 and June 2015. Johnson was never appointed with Allianz, and, since Johnson completed the applications with the clients, Mills could not properly certify the applicants' responses or the disclosures provided to the applicants. Mills and Johnson shared commissions on the sale of the Allianz annuities, with Mills receiving approximately 10% of the commissions.

Based on the investigation, Mills's business relationship with Johnson ended in June 2015. Allianz subsequently became aware of the circumstances regarding the sale of the annuity contracts and offered all annuitants an opportunity to surrender their annuity contracts. Allianz also is looking to Mills to repay any charge-back commissions for annuitants who choose to surrender their contracts.<sup>2</sup>

The Bureau alleges that Mills violated §§ 38.2-512.A and 38.2-1831.10 of the Code based upon the following: (1) Mills signed the certifications on annuity applications that were sold by Johnson; (2) the statements in the certification were not true; and (3) Mills received a share of the commissions for the sale of the annuity contracts.

If the provisions of the Code are violated, the Commission is authorized by §§ 38.2-1831 and 38.2-1857.7 of the Code to revoke a defendant's license, by § 38.2-220 of the Code to issue temporary or permanent injunctions, by § 38.2-218 D of the Code to require restitution, by § 38.2-218 of the Code to impose certain monetary penalties, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Without admitting or denying any other allegations of the Bureau, Mills admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). As a proposal to settle all matters arising from these allegations, Mills has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

(1) Mills will pay Five Thousand Dollars (\$5,000) (in the form of a money order or certified check made payable to the Treasurer of the Commonwealth of Virginia) immediately upon entry of this Order.

(2) For any client who purchased an Allianz annuity contract from Johnson and who chooses to surrender the contract as a result of this matter, Mills agrees to repay Allianz and/or Broker's International for any and all charge-back commissions (or such lesser amount as Mills and Allianz and/or Broker's International may agree to in writing as of the date of entry of this Order or afterwards) that he and/or Johnson received from the sale of such surrendered contracts.

(3) Mills is permanently enjoined from any future violation of §§ 38.2-512.A and 38.2-1831.10 of the Code.

(4) In the event that he violates any term of this Order in paragraphs (1) through (3) above, Mills agrees that suspension of his insurance license pending his compliance with or resolution of the violated provision is appropriate and, upon any such violation, that the Bureau may request that the Commission enter a temporary injunction authorizing such relief pending a hearing in a formal proceeding.

<sup>1</sup> The Bureau suspended Mills's Virginia insurance license in 2017 for failure to complete continuing education requirements which is unrelated to the matters discussed herein. Mills has since completed his continuing education requirements.

<sup>2</sup> As of September 21, 2017, Allianz will assign any outstanding repayment for charge back commissions to Brokers International Financial Services ("Brokers International"). Brokers International is the field marketing organization ("FMO") that Mills was affiliated with for his appointment with Allianz. Although Mills currently is making repayments directly to Allianz, Brokers International will assume repayment obligations on September 21, 2017, pursuant to its contractual arrangements with Allianz.

The Bureau has recommended that the Commission accept Mills's offer of settlement.

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

Accordingly, IT IS ORDERED THAT:

- (1) Mills's offer in settlement of the matter set forth herein is hereby accepted.
- (2) Mills shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of Mills's failure to comply with the terms and undertakings of the settlement.

**CASE NO. INS-2017-00176  
OCTOBER 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
LYNLY SAVANNA JONES,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lynly Savanna Jones ("Jones" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 (A) of the Code of Virginia ("Code") by making false statements on insurance documents for a benefit.

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

The Bureau alleges that Jones submitted fraudulent applications for health insurance to the Allstate Insurance Company to wrongfully obtain commissions. When presented with the Bureau's allegations, Jones elected to voluntarily surrender her Virginia insurance licenses.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia, effective September 27, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00180  
OCTOBER 6, 2017**

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

v.

STATE AUTO PROPERTY AND CASUALTY INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that State Auto Property and Casualty Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to specify all required information in policies; § 38.2-317 A of the Code by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least 30 days prior to their effective date; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; §§ 38.2-517 A 3, 38.2-604 B, 38.2-2126 A 1, 38.2-2202 A and 38.2-2234 A 1 of the Code by failing to accurately provide the required notices to insureds; § 38.2-1318 of the Code by failing to provide convenient access to files, books, and records; § 38.2-1822 of the Code by permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 of the Code by paying commissions to agencies/agents that are not appointed by the Defendant; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant; §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 E, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F of the Code by failing to properly terminate insurance policies; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms previously filed and adopted by the Commission; § 38.2-2234 B of the Code by failing to update the insured's credit information at least once in a three-year period; §§ 38.2-510 A 1 and 38.2-510 A 6 of the Code as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Fifty-one Thousand Four Hundred Dollars (\$51,400), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated June 19, 2017, and July 21, 2017, and confirmed that restitution was made to 74 consumers in the amount of Nineteen Thousand Nine Hundred Sixty-five Dollars and Twenty-one Cents (\$19,965.21).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00181  
AUGUST 18, 2017**

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

v.

AMANDA LEE SMITH,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Amanda Lee Smith ("Smith" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the States of Indiana and Louisiana and by providing materially incorrect, misleading, and untrue information on the license application filed with the Commission.

Smith is a resident of Indiana and is licensed in Virginia as a non-resident insurance agent with the following lines of authority: Life & Annuities, and Health.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau alleges that Smith failed to include information regarding pending criminal charges against her in her application for licensure filed with the Commission on October 27, 2015. The Bureau also alleges that she failed to notify the Bureau that the states of Indiana and Louisiana had taken administrative actions against her for similar conduct. When presented with the Bureau's allegations, Smith elected to voluntarily surrender her Virginia non-resident license.

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

The Defendant has been advised of her right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has:

- (1) Waived her right to a hearing.
- (2) Agreed to the voluntary surrender of her authority to transact the business of insurance in Virginia, effective August 1, 2017.
- (3) Agreed to not make application to transact the business of insurance in Virginia for a period of one (1) year from the date of the voluntary surrender.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00182  
AUGUST 18, 2017**

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

v.

NATHAN M. BADOWSKI,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nathan M. Badowski ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1822 A of the Code of Virginia ("Code") by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 10, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1822 A of the Code by acting as an agent of an insurer without first obtaining a license in the manner and form prescribed by the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.



- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00184  
AUGUST 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
FEDERAL INSURANCE COMPANY and GREAT NORTHERN INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Federal Insurance Company and Great Northern Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for an amount totaling Five Thousand Dollars (\$5,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 1, 2017, and confirmed that restitution was made to 15 consumers in the amount of One Thousand Two Hundred Sixty-One Dollars and Seventy Cents (\$1,261.70).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00185  
AUGUST 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
LIBERTY INSURANCE CORPORATION,  
LIBERTY MUTUAL FIRE INSURANCE COMPANY  
and  
THE FIRST LIBERTY INSURANCE CORPORATION,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Liberty Insurance Corporation, Liberty Mutual Fire Insurance Company, and The First Liberty Insurance Corporation (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for an amount totaling Seven Thousand Five Hundred Dollars (\$7,500), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 18, 2017, and confirmed that restitution was made to 12 consumers in the amount of One Thousand One Hundred Fifty-two Dollars (\$1,152).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00186  
SEPTEMBER 5, 2017**

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

*Ex Parte:* In the matter of Adopting New Rules Governing Term and Universal Life Insurance Reserve Financing

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to promulgate new rules at Chapter 318 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Term and Universal Life Insurance Reserve Financing," which are recommended to be set out at 14 VAC 5-318-10 through 14 VAC 5-318-80.

The proposed new rules are necessary to implement the amendments to §§ 38.2-1316.1, 38.2-1316.2, 38.2-1316.4 and 38.2-1316.7 of the Code, which were enacted in Chapter 477 of the 2017 Acts of Assembly (HB 1471). The amendments to the Code authorize the Commission to adopt regulations specifying additional requirements relating to the valuation of asset or reserve credits, the amount and forms of security supporting certain reinsurance arrangements, and the circumstances pursuant to which credit will be reduced or eliminated. The amendments to the Code became effective on July 1, 2017.

NOW THE COMMISSION is of the opinion that the proposal to adopt new rules recommended to be set out at Chapter 318 in the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of January 1, 2018.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed new rules entitled "Rules Governing Term and Universal Life Insurance Reserve Financing," recommended to be set out at 14 VAC 5-318-10 through 14 VAC 5-318-80 are attached hereto and made a part hereof.
- (2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the adoption of proposed Chapter 318, shall file such comments or hearing request on or before November 3, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2017-00186.
- (3) If no written request for a hearing on the adoption of the proposed new rules as outlined in this Order is received on or before November 3, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the rules as submitted by the Bureau.
- (4) The Bureau forthwith shall give notice of the proposal by mailing a copy of this Order, together with the proposal, to all life insurers domiciled in Virginia, and to all interested persons.
- (5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the "Rules Governing Term and Universal Life Insurance Reserve Financing," is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2017-00186  
NOVEMBER 22, 2017**

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

*Ex Parte:* In the matter of Adopting New Rules Governing Term and Universal Life Insurance Reserve Financing

**ORDER ADOPTING RULES**

By Order to Take Notice ("Order") entered September 5, 2017, insurers and interested persons were ordered to take notice that subsequent to November 3, 2017, the State Corporation Commission ("Commission") would consider the entry of an order adopting new rules to be set forth in Chapter 318 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Term and Universal Life Insurance Reserve Financing ("Rules"), which adds new Rules at 14 VAC 5-318-10 through 14 VAC 5-265-80, unless on or before November 3, 2017, any person objecting to the adoption of the new Rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The new rules are necessary to implement the amendments to §§ 38.2-1316.1, 38.2-1316.2, 38.2-1316.4 and 38.2-1316.7 of the Code, which were enacted in Chapter 477 of the 2017 Acts of Assembly (HB 1471). The amendments to the Code authorize the Commission to adopt regulations specifying additional requirements relating to the valuation of asset or reserve credits, the amount and forms of security supporting certain reinsurance arrangements, and the circumstances pursuant to which credit will be reduced or eliminated. The amendments to the Code became effective on July 1, 2017.

The Order required insurers and interested persons to file their comments in support of or in opposition to the proposed new Rules with the Clerk on or before November 3, 2017.

No comments were filed with the Clerk. No requests for a hearing were filed with the Clerk.

The Commission's Bureau of Insurance ("Bureau") has included additional non-substantive revision to the Rules. These changes include deleting the references to the National Association of Insurance Commissioner's Accounting Practices and Procedures Manual and Annual Statement Instructions and replacing them with a reference to § 38.2-1300 of the Code, clarifying the definition of "primary security", and other editorial changes.

NOW THE COMMISSION, having considered the proposed new Rules, and the recommended revisions to the proposal, is of the opinion that the attached new Rules should be adopted effective date of January 1, 2018.

Accordingly, IT IS ORDERED THAT:

(1) The new Rules entitled Rules Governing Term and Universal Life Insurance Reserve Financing, to be set out at 14 VAC 5-318-10 through 14 VAC 5-318-80 which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2018.

(2) The Bureau forthwith shall give notice of the adoption of the Rules to all life insurers domiciled in Virginia and to interested persons.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the new Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached new Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

NOTE: A copy of the attachment entitled "Rules Governing Term and Universal Life Insurance Reserve Financing" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2017-00187  
AUGUST 25, 2017**

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

v.

MARIO A. RODAS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mario A. Rodas ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of California, and by providing untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 28, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of California, and by providing untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00190  
OCTOBER 27, 2017**

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

v.

UNITED SERVICES AUTOMOBILE ASSOCIATION,  
USAA CASUALTY INSURANCE COMPANY,  
USAA GENERAL INDEMNITY COMPANY, and  
GARRISON PROPERTY & CASUALTY INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that United Services Automobile Association, USAA Casualty Insurance Company, USAA General Indemnity Company, and Garrison Property & Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least thirty days prior to their effective date; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions, or terms of an insurance policy; § 38.2-511 of the Code by failing to maintain a complete complaint register; §§ 38.2-610 A, 38.2-2210 A, 38.2-2210 C, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-1318 of the Code by failing

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

to provide convenient access to files, documents, and records; § 38.2-1905 C of the Code by assigning points under a safe-driver insurance policy to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate filings in effect for the Defendants; §§ 38.2-2113 C, 38.2-2114 B, 38.2-2114 C, 38.2-2208 A, 38.2-2208 B, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; § 38.2-2214 of the Code by failing to provide insureds with rate classification statements; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms previously filed and adopted by the Commission; § 38.2-2223 of the Code by using coverages more favorable than those in the standard forms without obtaining prior approval of the Commission; §§ 38.2-510 A 1, 38.2-510 A 3, and 38.2-510 A 6 of the Code as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to Virginia the sum of One Hundred Fifty-five Thousand Seven Hundred Fifty Dollars (\$155,750), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letters to the Bureau dated April 5, 2016, September 21, 2016, November 28, 2016, January 30, 2017, May 31, 2017, and July 27, 2017, have confirmed that restitution was made to 80 consumers in the amount of Twenty-six Thousand Four Hundred Fifty-nine Dollars and Forty-six Cents (\$26,459.46), and agreed to the entry by the Commission of a cease and desist order.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall cease and desist from any future conduct that constitutes a violation of § 38.2-2201 of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00192  
SEPTEMBER 8, 2017**

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

v.  
RANDALL A. CAGLE,  
Defendant

**ORDER REVOKING LICENSE**

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

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated July 10, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

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

- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00193  
SEPTEMBER 13, 2017**

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

v.

DONEGAL MUTUAL INSURANCE COMPANY and  
SOUTHERN INSURANCE COMPANY OF VIRGINIA,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Donegal Mutual Insurance Company and Southern Insurance Company of Virginia ("Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-317 of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for an amount totaling Five Thousand Dollars (\$5,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 25, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00195  
OCTOBER 2, 2017**

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

v.

DONNELL NOAH BOWEN,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Donnell Noah Bowen ("Bowen" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 (B) and 38.2-1831 (10) of the Code of Virginia ("Code") by affixing the signature of another person to insurance documents without prior written consent and by using dishonest practices in the conduct of business in Virginia.

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

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Bureau alleges that Bowen, while employed with Northwestern Mutual Life Insurance Company, forged signatures on life insurance documents related to five insureds. When presented with the Bureau's allegations, Bowen elected to voluntarily surrender his Virginia insurance licenses.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived his right to a hearing and voluntarily surrendered his authority to act as an insurance agent in Virginia, effective August 29, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00197  
OCTOBER 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
KEITH HAMILTON CANNON,  
and  
CORTLAND MANAGEMENT, LLC,  
Defendants

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Keith Hamilton Cannon and Cortland Management, LLC ("Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) and 38.2-1813 of the Code of Virginia ("Code") by making false statements relating to the business of insurance to obtain commissions, and by comingling funds received and required to have been maintained in a fiduciary account with other business and personal funds.

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

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00198  
OCTOBER 20, 2017**

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

v.

SCOTT R. MAGNUSON,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Scott R. Magnuson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing false information in his license application filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated July 17, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing false information in his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00199  
SEPTEMBER 29, 2017**

APPLICATION OF  
DEPUTY RECEIVER SOUTHERN TITLE INSURANCE CORPORATION

For Final Order Approving and Ratifying Record Retention Schedule

**FINAL ORDER APPROVING AND RATIFYING RECORD RETENTION SCHEDULE**

On December 20, 2011, the Circuit Court of the City of Richmond entered an order in Case No. CLI 1-5660-RDT appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title") ("Receivership Order"). The Receivership Order granted the Commission the authority to proceed with the rehabilitation or liquidation of Southern Title. On September 5, 2017, pursuant to the Receivership Order, the Deputy Receiver of Southern Title filed an Application for Final Order Approving and Ratifying Record Retention Schedule ("Application") requesting that the Commission enter an order approving and ratifying a record retention schedule ("Record Retention Schedule") for Southern Title.<sup>1</sup>

In support of the Application, the Deputy Receiver notes that paragraph 5(j) of the Receivership Order authorizes the Receiver, Deputy Receiver, and the Special Deputy Receiver to remove any or all records and other property of Southern Title and to dispose of or destroy, in the usual and ordinary course, such of those records as the Receiver determines to be unnecessary to the receivership. The Deputy Receiver indicates that the proposed Record Retention Schedule, in furtherance of the efficient and orderly wind-down of Southern Title, provides for the destruction in the usual and ordinary course of

<sup>1</sup> The proposed record retention schedule is attached to the Application as Exhibit A.



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those records that are unnecessary to the receivership, subject to any requirement to retain for a longer period any records relevant to pending or anticipated litigation.

NOW THE COMMISSION, having considered the Application, is of the opinion that the Record Retention Schedule should be approved, and the Deputy Receiver's Application should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Deputy Receiver's Application hereby is GRANTED.
- (2) The case is DISMISSED, and the papers herein are passed to the file for ended causes.

**CASE NO. INS-2017-00200  
OCTOBER 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
PROGRESSIVE DIRECT INSURANCE COMPANY  
and  
PROGRESSIVE UNIVERSAL INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Direct Insurance Company and Progressive Universal Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan in company correspondence dated June 13, 2017, waived their right to a hearing and confirmed that restitution was made to 19,392 consumers in the amount of Nine Million Eight Hundred Thirty-nine Thousand Three Hundred Seventy-nine Dollars and Five Cents (\$9,839,379.05).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00201  
OCTOBER 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
TAM NGO,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tam Ngo ("Ngo" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 (A) and 38.2-512 (B) of the Code of Virginia ("Code") by making false statements on insurance documents for a benefit and by affixing the signature of another person to insurance documents without prior written consent.

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

The Bureau alleges that Ngo, while employed as the office manager of an insurance agency in Virginia, forged signatures onto and then submitted three fraudulent applications to National Life Insurance Company to obtain commissions or another benefit. When presented with the Bureau's allegations, Ngo elected to voluntarily surrender her Virginia insurance licenses.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived her right to a hearing and voluntarily surrendered her authority to act as an insurance agent in Virginia, effective September 18, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00202  
OCTOBER 2, 2017**

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

*Ex Parte:* In the matter of Amending the Rules Governing Claims-Made Liability Insurance Policies

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/case>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 335 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing Claims-Made Liability Insurance Policies" ("Rules"), which amend the Rules at 14 VAC 5-335-10 through 14 VAC 5-335-60 and add new Rules at 14 VAC 5-335-23, 14 VAC-335-27 and 14 VAC 5-335-45.

The amendments to Chapter 335 are necessary to update the Rules to reflect current positions and practices for filing and approval, establish greater clarity for ease of application and modernize the Rules to create more consistency with the regulatory requirements of other states. These amendments clarify and further define that the Rules do not apply to incidental claims-made liability insurance, make a distinction between a basic extended reporting period and a supplemental reporting period and identify clear standards for each, amend the required consumer notice provided with a claims-made insurance policy, clarify and simplify the extended reporting period requirements upon policy termination, reduce the period of time for the mandatory offer of a supplemental extended reporting period, add a requirement for the insurer to provide loss information to the insured, and clarify certain prohibitions and minimum standards.

NOW THE COMMISSION is of the opinion that the Bureau's proposal to amend the Rules at 14 VAC 5-335-10 through 14 VAC 5-335-60 and add new Rules at 14 VAC 5-335-23, 14 VAC-335-27 and 14 VAC 5-335-45 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to the "Rules Governing Claims-Made Liability Insurance Policies," which amend the Rules at 14 VAC 5-335-10 through 14 VAC 5-335-60 and add new Rules at 14 VAC 5-335-23, 14 VAC-335-27 and 14 VAC 5-335-45, are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the proposed amendments, shall file such comments or hearing request on or before November 30, 2017, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. INS-2017-00202.

(3) The Bureau shall hold a meeting during the comment period in order for insurers and interested persons to address questions about the proposed Rules to the Bureau. The meeting will be held on Thursday, November 2, 2017, at 10 a.m. in the Commission's third floor training room located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

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(4) If no written request for a hearing on the proposal to amend the Rules as outlined in this Order is received on or before November 30, 2017, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.

(5) The Bureau forthwith shall provide notice of the proposal to amend the Rules by sending, by e-mail or U.S. mail, a copy of this Order, together with the proposal, to all insurers licensed by the Commission to write insurance as defined in §§ 38.2-117, 38.2-118 and 38.2-111 B of the Code, as well as all interested persons.

(6) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed amended Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(7) The Commission's Division of Information Resources shall make available this Order and the attached proposed amended Rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(8) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (5) above.

(9) This matter is continued.

NOTE: A copy of the attachment entitled "Rules Governing Claims-Made Liability Insurance Policies" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. INS-2017-00203  
OCTOBER 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
LINDA FAYE MOORE,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Linda Faye Moore ("Moore" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-512 (A) of the Code of Virginia ("Code") by making false statements on insurance documents for a benefit.

Moore is a Virginia resident licensed with the following line of authority: Health.

The Bureau alleges that Moore submitted fraudulent applications for health insurance to the American Family Life Assurance Company of Columbus to wrongfully obtain commissions. When presented with the Bureau's allegations, Moore elected to voluntarily surrender her Virginia insurance license.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia, effective September 19, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00204  
OCTOBER 6, 2017**

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

v.

ADRIONA BREANN JOHNSTON,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adriona Breann Johnston ("Johnston" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false statements on insurance documents for a benefit.

Johnston is a Virginia resident licensed with the following line of authority: Health.

The Bureau alleges that Johnston submitted fraudulent applications for health insurance to the American Family Life Assurance Company of Columbus to wrongfully obtain commissions. When presented with the Bureau's allegations, Johnston elected to voluntarily surrender her Virginia insurance license.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia, effective September 20, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00206  
DECEMBER 8, 2017**

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

v.

UNITED STATES FIRE INSURANCE COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that United States Fire Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-316 A and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy form filing requirements; § 38.2-502 (1) of the Code by misrepresenting the terms of the policy; § 38.2-508 (2) of the Code by failing to comply with practices to prevent unfair discrimination; § 38.2-514 B of the Code by failing to make proper disclosure in the explanation of benefits; § 38.2-1812 A of the Code by paying commissions to agents that are not properly licensed and appointed; § 38.2-1822 A of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 A (1) of the Code by failing to comply with agent appointment requirements; § 38.2-3405 B of the Code by improperly allowing the subrogation of a claims payment; § 38.2-3407.1 B of the Code by failing to comply with the requirement for the payment of interest on claim proceeds; § 38.2-3407.4 A of the Code by failing to file for approval its explanation of benefits forms prior to use; and 14 VAC 5-400-30 A, 14 VAC 5-400-50 A, 14 VAC 5-400-50 D, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Twenty-Five Thousand Dollars (\$25,000), waived its right to a hearing, and agreed to comply with the Corrective Action Plan contained in the Bureau's letter dated October 13, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00207  
OCTOBER 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
JESSICA ELAINE EDNEY,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jessica Elaine Edney ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action taken against her by the State of North Dakota.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated August 16, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days an administrative action taken against her by the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00210  
DECEMBER 8, 2017**

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

v.  
KEVON L. WHITE,  
Defendant

**ORDER REVOKING LICENSE**

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

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 24, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00211  
DECEMBER 8, 2017**

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

v.  
SHANNON JOHNSON MAYES,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shannon Johnson Mayes ("Mayes" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (10) of the Code of Virginia ("Code") by engaging in dishonest and untrustworthy business conduct in Virginia.

Mayes is a resident of North Carolina and holds a Virginia nonresident license with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Mayes, while employed as the manager of an insurance agency, intentionally trained other licensed agents to complete fraudulent insurance applications and then submit them to insurers to wrongfully obtain commissions. When presented with the Bureau's allegations, Mayes elected to voluntarily surrender her Virginia nonresident insurance license.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia for a period of five years, effective October 3, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00212  
NOVEMBER 3, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
RYAN LEWIS,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ryan Lewis ("Lewis" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-502 (1) and 38.2-1833 (4) of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of any insurance policy and conducting sales on behalf of an insurer without having an active appointment with the insurer.

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

The Bureau alleges that Lewis conducted sales on behalf of an insurer when he was not appointed to do so. In addition, the Bureau alleges that while acting as an insurance agent, he misrepresented the benefits of health insurance coverage to a Virginia consumer. When presented with the Bureau's allegations, Lewis elected to voluntarily surrender his Virginia insurance licenses.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia, effective October 2, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00213  
NOVEMBER 22, 2017**

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

v.

AETNA HEALTH, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Aetna Health, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-3407.4 of the Code of Virginia ("Code") by failing to obtain approval of an explanation of benefits form prior to its use.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Seven Thousand Five Hundred Dollars (\$7,500), waived its right to a hearing, and agreed to comply with the terms of the Bureau's letter dated October 16, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00214  
OCTOBER 20, 2017**

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

v.

AMERICAN FIRE AND CASUALTY COMPANY,  
OHIO SECURITY INSURANCE COMPANY,  
THE OHIO CASUALTY INSURANCE COMPANY,  
and  
WEST AMERICAN INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that American Fire and Casualty Company, Ohio Security Insurance Company, The Ohio Casualty Insurance Company, and West American Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate or supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to Virginia the sum of Two Thousand Five Hundred Dollars (\$2,500) for an amount totaling Ten Thousand Dollars (\$10,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in company correspondence to the Bureau dated May 4, 2017.

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

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



Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00216  
NOVEMBER 1, 2017**

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

v.

HARTFORD ACCIDENT AND INDEMNITY COMPANY,  
HARTFORD CASUALTY INSURANCE COMPANY,  
HARTFORD FIRE INSURANCE COMPANY,  
HARTFORD INSURANCE COMPANY OF THE MIDWEST,  
HARTFORD UNDERWRITERS INSURANCE COMPANY,  
PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD,  
SENTINEL INSURANCE COMPANY, LTD.,  
TRUMBULL INSURANCE COMPANY, and  
TWIN CITY FIRE INSURANCE COMPANY,  
Defendants

**SETTLEMENT ORDER**

Based on a market conduct investigation performed by the Bureau of Insurance ("Bureau"), it is alleged that Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Company of the Midwest, Hartford Underwriters Insurance Company, Property and Casualty Insurance Company of Hartford, Sentinel Insurance Company, Ltd., Trumbull Insurance Company, and Twin City Fire Insurance Company, (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan in company correspondence dated January 6, 2017, waived their right to a hearing, and confirmed that restitution was made to 512 consumers in the amount of Thirty-nine Thousand Four Hundred Eighty-eight Dollars and Fifty-two Cents (\$39,488.52).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00217  
DECEMBER 1, 2017**

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

v.

KAISER FOUNDATION HEALTH PLAN OF THE MID-ATLANTIC STATES, INC.,  
Defendant

**SETTLEMENT ORDER**

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the terms of the policy; §§ 38.2-510 A (1), 38.2-510 A (5), 38.2-510 A (14), and 38.2-510 A (15) of the Code by failing to comply with claim settlement practices; § 38.2-511 of the Code by failing to maintain a complete record of complaints; § 38.2-514 B of the Code by failing to make proper disclosure on explanation of benefits forms; § 38.2-1834 D of the Code by failing to comply with agent appointment requirements; § 38.2-3407.3 A of the Code by failing to comply with calculation of cost-sharing provisions; § 38.2-3407.4 A of the Code by failing to file for approval by the Commission its explanation of benefits forms; § 38.2-3407.4 B of the Code by failing to accurately and clearly set forth the benefits payable under the contract in the explanation of benefits; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (5), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (8), 38.2-3407.15 B (9), 38.2-3407.15 B (10), and 38.2-3407.15 B (11) of the Code by failing to comply with ethics and fairness requirements for business practices; § 38.2-3412.1:01 A of the Code by failing to provide coverage for biologically based mental illness; § 38.2-3559 D of the Code by failing to comply with notice requirements for external review; § 38.2-3561 A of the Code by misrepresenting external review rights; § 38.2-4306.1 B of the Code by failing to comply with requirements for the payment of interest on claim proceeds; § 38.2-5804 A of the Code and 14 VAC 5-211-150 A of the Commission's Rules Governing Health Maintenance Organizations, 14 VAC 5-211-10 *et seq.* ("Rules"), by failing to maintain its established complaint system approved by the Commission; §§ 38.2-5805 C (1), 38.2-5805 C (6), 38.2-5805 C (7), 38.2-5805 C (8), 38.2-5805 C (9), and 38.2-5805 C (10) of the Code by failing to comply with provider contract requirements; § 38.2-5904 of the Code by misrepresenting the responsibilities of the Office of the Managed Care Ombudsman; 14 VAC 5-211-90 B, 14 VAC 5-211-160 (6), 14 VAC 5-211-160 (6) (b) (3), and 14 VAC 5-211-210 B (17) of the Commission's Rules by failing to comply with provisions related to health maintenance organizations; and 14 VAC 5-216-40 E, 14 VAC 5-216-40 E (1), 14 VAC 5-216-40 E (2), and 14 VAC 5-216-70 A (5) of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.*, by failing to comply with internal appeal and external review procedures.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of One Hundred Two Thousand Dollars (\$102,000) and waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Market Conduct Examination Report as of June 30, 2013.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall cease and desist from future violations of § 38.2-3407.4 B of the Code, and 14 VAC 5-211-90 B.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00222  
NOVEMBER 30, 2017**

APPLICATION OF  
LIBERTY BANKERS LIFE INSURANCE COMPANY

For approval of an assumption reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

**ORDER APPROVING PETITION**

By petition filed with the State Corporation Commission ("Commission") on November 8, 2017, Liberty Bankers Life Insurance Company ("Petitioner"), an Oklahoma-domiciled insurer, requested approval of an assumption reinsurance agreement for the transfer of 51 life insurance policies from Lincoln Memorial Life Insurance Company ("Lincoln Memorial") to the Petitioner pursuant to § 38.2-136 C of the Code of Virginia ("Code").

Pursuant to § 38.2-136 C of the Code the Petitioner has requested that the Commission waive the policyholder consent to this transaction required by § 38.2-136 B of the Code. In support of its request the Petitioner states that a delinquency proceeding has been instituted against Lincoln Memorial for purposes of liquidating the insurer, and that the assumption reinsurance agreement was approved by the receivership court and will transfer the policies to an insurer licensed in Virginia.

The Bureau of Insurance ("Bureau") has reviewed the petition to ensure that the rights and claims afforded to Lincoln Memorial's policyholders under their original policies pursuant to Chapter 17 of Title 38.2 of the Code will be preserved. Based upon its review, the Bureau has recommended that the petition be approved.

NOW THE COMMISSION, having considered the petition, the recommendation of the Bureau of Insurance that the petition be approved, and the law applicable hereto, is of the opinion that the petition should be approved.

Accordingly, IT IS ORDERED THAT the petition of Liberty Bankers Life Insurance Company for the approval of the reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

**CASE NO. INS-2017-00230  
DECEMBER 27, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
HALIMA MUHAMMAD,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Halima Muhammad ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 of the Code of Virginia ("Code") by failing to report an administrative action by the State of Kansas within 30 days.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 24, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 of the Code by failing to report an administrative action by the State of Kansas within 30 days.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00231  
DECEMBER 27, 2017**

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

v.

DONERIO WILLIAMS,  
Defendant

**ORDER REVOKING LICENSE**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Donerio Williams ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incomplete information in his licensing application filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated September 29, 2017, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in Virginia is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in Virginia as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00234  
DECEMBER 8, 2017**

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

v.

DORIS ELFRIEDE KARRAS,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Doris Elfriede Karras ("Karras" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated §§ 38.2-1826 and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report administrative actions by Maine and Massachusetts within 30 days and by providing false information in the license application filed with the Commission.

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

The Bureau alleges that Karras failed to report within 30 days that the state of Maine had revoked her insurance license and the state of Massachusetts had imposed a monetary penalty against her for making false statements on her licensing application. In addition, the Bureau alleges that Karras failed to disclose in her license application that she was party to a lawsuit alleging fraud, misrepresentation, and breach of fiduciary duty as required by the application. When presented with the Bureau's allegations, Karras elected to voluntarily surrender her Virginia insurance license.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and voluntarily surrendered the authority to act as an insurance agent in Virginia for a period of one year, effective November 16, 2017.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00235  
DECEMBER 27, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
THE GOODMAN-GABLE-GOULD COMPANY,  
Defendant

**SETTLEMENT ORDER**

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that the Goodman-Gable-Gould Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1845.13 of the Code of Virginia ("Code") by failing to ensure that all contracts for their services contained all of the terms enumerated in that section.

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

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2017-00237  
DECEMBER 11, 2017**

IN THE MATTER OF  
QBE HOLDINGS, INC., AND ITS AFFILIATES

*Ex Parte:* In the matter of Approval of a Regulatory Settlement Agreement with QBE Holdings, Inc., and its Affiliates

**ORDER APPROVING SETTLEMENT AGREEMENT**

The Commissioner of the Bureau of Insurance ("Commissioner") has requested that the State Corporation Commission ("Commission") (i) approve and accept a multi-state Regulatory Settlement Agreement ("Agreement") entered into on or about August 3, 2017, a copy of which is attached hereto and made a part hereof, by and between QBE Holdings, Inc. and its Affiliates: QBE Insurance Company, QBE Specialty Insurance Company and Praetorian Insurance Company (collectively, "QBE"), which are all licensed or authorized to transact the business of insurance in the Commonwealth of Virginia, and the Delaware Department of Insurance, the Florida Office of Insurance Regulation, the Indiana Department of Insurance, the Massachusetts Division of Insurance, the Missouri Department of Insurance, the Pennsylvania Insurance Department and the Rhode Island Department of Business Regulation; and (ii) authorize the Commissioner to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

NOW THE COMMISSION, having considered the terms of the Agreement and the recommendation of the Commissioner that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that:

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

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

**CASE NO. INS-2017-00240  
DECEMBER 12, 2017**

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

**ORDER SUSPENDING LICENSE**

Section 38.2-1040 (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of § 38.2-1040 of the Code without prior notice to the insurer.

Guarantee Insurance Company ("Defendant"), a Florida-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on March 1, 1978. On November 13, 2017, the Defendant consented to a receivership order by the Florida Office of Insurance Regulation. On November 27, 2017, the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, entered a Consent Order appointing the Florida Department of Financial Services as Receiver of Defendant for Purposes of Liquidation, Injunction, and Notice of Automatic Stay.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the Defendant's license to transact the business of insurance in Virginia should be suspended.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and
- (5) The Bureau of Insurance shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code.

## DIVISION OF PUBLIC UTILITY REGULATION

**CASE NO. PUC-2016-00030  
JANUARY 25, 2017**

JOINT PETITION OF  
TNCI OPERATING COMPANY, LLC  
and  
MATRIX TELECOM, LLC

For approval of a transfer of control pursuant to § 56-88 *et seq.* of the Code of Virginia

### ORDER GRANTING APPROVAL

On December 2, 2016, TNCI Operating Company, LLC ("TNCI OpCo"), and Matrix Telecom, LLC ("Matrix") (collectively, "Petitioners"),<sup>1</sup> completed the filing of a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> requesting approval of the direct transfer of control of TNCI OpCo to Matrix ("Proposed Transfer").<sup>3</sup>

Previously, the Commission issued certificates of public convenience and necessity ("Certificates") to: (i) TNCI OpCo to provide local exchange and interexchange telecommunications services in Virginia;<sup>4</sup> and (ii) Matrix to provide local exchange telecommunications services in Virginia.<sup>5</sup> The Petitioners state that the Proposed Transfer is an internal corporate restructuring. Under the Proposed Transfer, TNCI OpCo will transfer its customers<sup>6</sup> to Matrix and upon closing TNCI OpCo will cease to exist.<sup>7</sup> The Petitioners represent that the Proposed Transfer will not change the services provided to customers, or the rates, terms and conditions of the services, and will not cause any interruption or degradation of service. Further, the Petitioners represent that Matrix will continue to have the financial, managerial, and technical resources necessary to provide local exchange telecommunications services to its customers in Virginia after the Proposed Transfer is complete. In support of the Petition, the Petitioners provided a description of Matrix's leadership team and its financial statements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the above-described Proposed Transfer should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date of such closing.
- (3) This case is dismissed.

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<sup>1</sup> TNCI Impact, LLC ("TNCI Impact"), also is considered a Petitioner and has provided the statutorily required verification.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> The Petitioners also requested that the Commission cancel TNCI OpCo's Certificates concurrently with the approval of the Proposed Transfer. After consulting with the Commission's Staff ("Staff"), the Petitioners will request such cancellation in a separate docket.

<sup>4</sup> See *Application of TNCI Operating Company LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00014, 2013 S.C.C. Ann. Rept. 203, Final Order (July 11, 2013).

<sup>5</sup> See *Application of Matrix Telecom of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2005-00088, 2005 S.C.C. Ann. Rept. 280, Final Order (Dec. 22, 2005). In Case No. PUC-2016-00028, the Commission reissued a certificate to the company to reflect its name change from Matrix Telecom of Virginia, Inc. to Matrix Telecom of Virginia, LLC. Matrix conducts business in Virginia under the name Matrix Telecom of Virginia, LLC.

<sup>6</sup> The Petitioners represent that the interexchange telecommunications services provided to TNCI OpCo's customers are provided via resale.

<sup>7</sup> The Petitioners represent that there is no written agreement documenting the Proposed Transfer as both TNCI OpCo and Matrix are wholly owned subsidiaries of TNCI Impact.

**CASE NO. PUC-2016-00054  
JANUARY 11, 2017**

APPLICATION OF  
CITRIX COMMUNICATIONS VIRGINIA LLC

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

**ORDER REISSUING CERTIFICATES**

On November 3, 2016, Citrix Communications Virginia LLC ("Citrix" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia issued to Citrix<sup>1</sup> be amended to reflect a corporate name change ("Application"). The Company submitted with its Application proof of the corporate name change to GetGo Communications Virginia LLC.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of Citrix Communications Virginia LLC should be cancelled and reissued in the name of GetGo Communications Virginia LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2016-00054.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-729, heretofore issued to Citrix Communications Virginia LLC hereby is cancelled and shall be reissued as Certificate No. T-729a in the name of GetGo Communications Virginia LLC.
- (3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-276A, heretofore issued to Citrix Communications Virginia LLC hereby is cancelled and shall be reissued as Certificate No. TT-276B in the name of GetGo Communications Virginia LLC.
- (4) Any tariffs on file with the Commission's Division of Public Utility Regulation in the name of Citrix Communications Virginia LLC shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (5) This case hereby is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

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<sup>1</sup> See *Application of Citrix Communications Virginia LLC, For certificates of public convenience and necessity to provide local and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00005, 2013 S.C.C. Ann. Rept. 201, Final Order (June 21, 2013).

**CASE NO. PUC-2016-00058  
JANUARY 12, 2017**

APPLICATION OF  
BUSINESS TELECOM OF VIRGINIA, INC., CTC COMMUNICATIONS OF VIRGINIA, INC.,  
EARTHLINK BUSINESS, LLC, EARTHLINK HOLDINGS CORP.,  
and  
WINDSTREAM HOLDINGS, INC.

For approval of a transfer control

**ORDER GRANTING APPROVAL**

On November 17, 2016, Business Telecom of Virginia, Inc., CTC Communications of Virginia, Inc., EarthLink Business, LLC ("EarthLink Business") (collectively, "EarthLink Licensees"), EarthLink Holdings Corp. ("EarthLink"), and Windstream Holdings, Inc. ("Windstream") (collectively, "Applicants"),<sup>1</sup> filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> seeking authority for Windstream to acquire indirect control of the EarthLink Licensees ("Transfer"). In addition, the Applicants request authority for EarthLink Business to transfer its equity interests in the other EarthLink Licensees to a to-be-formed intermediate holding company ("Pro Forma Change"). The Applicants represent that neither the Transfer nor the Pro Forma Change (collectively, "Transaction") will have an adverse effect on the EarthLink Licensees or their operations. The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

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<sup>1</sup> EarthLink Business Holdings, LLC, Business Telecom, LLC, and CTC Communication Corp., are also considered to be Applicants and have provided the statutorily required verifications.

<sup>2</sup> Code § 56-88 *et seq.*



The EarthLink Licensees are authorized to provide local and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>3</sup> As a result of the Transaction, Windstream will be the new ultimate parent company of the EarthLink Licensees. According to the Application, this change in ultimate control does not involve a transfer of operating authority, assets, or customers. The Applicants represent that the Transaction will be virtually seamless to end-user customers who will remain with their current providers following the Transaction.

The Applicants assert that the EarthLink Licensees will continue to provide their services under the same rates, terms and conditions, and that the Transaction will provide each of the Applicants with access to each other's advanced network capabilities and technical and financial resources. In support of the Application, the Applicants provided Windstream's financial statements and a description of Windstream's experience as the holding company for six entities certificated to provide telecommunications services in Virginia.<sup>4</sup>

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the Application should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants are hereby granted approval of the Transaction as described in the Application.
- (2) The Applicants shall file a report of action with the Commission in its Document Control Center within thirty (30) days of the closing of the Transaction, which shall note the date the Transaction occurred and include an updated organizational chart.
- (3) The Applicants' Motion is denied; however, the Clerk of the Commission shall retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

<sup>3</sup> See *Application of Business Telecom of Virginia, Inc., For certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-1997-00111, 1997 S.C.C. Ann. Rept. 302; Final Order (Oct. 9, 1997); *Application of Business Telecom of Virginia, Inc.; For certificate of public convenience and necessity to provide interexchange services*, Case No. PUC-2001-00204, 2002 S.C.C. Ann. Rep. 245; Final Order (Feb. 4, 2002); *Application of CTC Communications of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-1998-00103, 1998 S.C.C. Ann. Rept. 289 (Oct. 27, 1998); *Application of EarthLink Business, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00056, 2012 S.C.C. Ann. Rept. 203, Final Order, (Dec. 14, 2012).

<sup>4</sup> See Application at 2-3.

<sup>5</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2016-00059  
FEBRUARY 6, 2017**

APPLICATION OF  
COMMUNICATIONS SALES & LEASING, INC., PEG BANDWIDTH VA, LLC,  
and  
TALK AMERICA SERVICES, LLC

For approval of a pro forma change in indirect ownership pursuant to Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On November 29, 2016, Communications Sales & Leasing, Inc. ("CS&L"), PEG Bandwidth VA, LLC, and Talk America Services, LLC ("TAS") (collectively, "Applicants") made a filing with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> requesting approval of a pro forma change in indirect ownership that would result in a change in the intermediate holding company structure between CS&L and its subsidiaries. On December 22, 2016, the Applicants filed a Supplement (together with the November 29, 2016 filing, "Application"), which stated that in addition to the pro forma transactions described in the November 29, 2016 filing, the Applicants also intend to move TAS within the CS&L corporate organizational structure so that TAS will become a direct subsidiary of CS&L ("Transaction").

<sup>1</sup> Uniti Fiber-PEG LLC, Uniti Fiber Holdings Inc., Uniti Holdings LP, Uniti Holdings GP, LLC, and CSL Capital, LLC, are also considered to be Applicants and have provided the statutorily required verifications.

<sup>2</sup> Code § 56-88 *et seq.*

TAS is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>3</sup> The Applicants assert that TAS will continue to provide services to its customers in Virginia without any changes to the rates, terms or conditions of service as currently provided. The Applicants further represent that TAS will continue to have the financial, managerial, and technical resources to provide its services following the Transaction, and it will continue to be overseen by the same qualified management team. In support of the Application, the Applicants provided CS&L's most recent financial statements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transaction should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Transaction as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transaction, which shall note the date the Transaction occurred.
- (3) This case is dismissed.

<sup>3</sup> See *Application of Talk America Services, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00049, 2014 S.C.C. Ann. Rept. 236, Final Order (Nov. 24, 2014).

**CASE NO. PUC-2016-00060  
APRIL 20, 2017**

APPLICATION OF  
SQF, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

**FINAL ORDER**

On December 21, 2016, SQF, LLC ("SQF" or "Company") completed an application ("Application") with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. SQF also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, SQF filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

On January 25, 2017, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed SQF to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On February 28, 2017, SQF filed proof of service and proof of notice in accordance with the Scheduling Order.

On March 29, 2017, the Staff filed its Staff Report finding that SQF's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5-411-10 *et seq.* Based upon its review of SQF's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: SQF should notify the Division of Public Utility Regulation no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before April 5, 2017. SQF did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, is of the opinion and finds that it should grant SQF Certificates. Having considered Code § 56-481.1, the Commission finds that SQF may price its interexchange services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.<sup>1</sup>

Accordingly, IT IS ORDERED THAT:

- (1) SQF hereby is granted Certificate No. T-750 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.
- (2) SQF hereby is granted Certificate No. TT-294A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, Code § 56-265.4:4, and the provisions of this Final Order.

<sup>1</sup> The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

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- (3) Pursuant to Code § 56-481.1, SQF may price its interexchange telecommunications services competitively.
- (4) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If SQF elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.
- (5) SQF shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (7) This case is dismissed.

**CASE NO. PUE-2009-00126  
SEPTEMBER 20, 2017**

APPLICATION OF  
COMPASS ENERGY GAS SERVICES, LLC

For a license to conduct business as a competitive service provider

**ORDER CANCELLING LICENSE**

On December 29, 2009, the State Corporation Commission ("Commission") issued License No. G-24 to Compass Energy Gas Services, LLC ("Compass"), to act as a competitive service provider of natural gas to commercial and industrial customers in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company.<sup>1</sup> Compass was further authorized to act as a competitive service provider of natural gas in the Virginia service territory of Atmos Energy Corporation ("Atmos"), if and when Atmos's service territory opens to retail access and customer choice.<sup>2</sup>

By letter filed May 31, 2013, Integrys Energy Services – Natural Gas, LLC ("Integrys"), informed the Commission that it had acquired Compass, effective May 1, 2013. By letter filed November 7, 2014, the Commission was notified that Exelon Corporation ("Exelon") had acquired Integrys Energy Services, Inc., including its subsidiaries Compass and Integrys, effective November 1, 2014.

By letter filed August 28, 2017, pursuant to 20 VAC 5-312-20 (Q) of the Commission's Rules Governing Retail Access to Competitive Energy Services,<sup>3</sup> Constellation NewEnergy – Gas Division, LLC ("CNEG"), another Exelon subsidiary, notified the Commission that on August 1, 2017, Compass was merged into CNEG, with CNEG being the surviving entity. As a result of this change, CNEG requests the withdrawal of License No. G-24.<sup>4</sup>

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. G-24 issued to Compass should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-24, issued to Compass to conduct business as a competitive service provider of natural gas, is hereby cancelled.
- (2) This case is dismissed.

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<sup>1</sup> *Application of Compass Energy Gas Services, LLC, For a license to conduct business as a competitive service provider*, Case No. PUE-2009-00126, 2009 S.C.C. Ann. Rept. 551, 552, Order Granting License (Dec. 29, 2009).

<sup>2</sup> *Id.* at 552.

<sup>3</sup> 20 VAC 5-312-10 *et seq.*

<sup>4</sup> We note that, although CNEG's letter states in the subject line that it is a "Request for License Withdrawal," the body of the letter does not include such a request. We will, however, infer such a request given that Compass no longer exists as a separate entity and, because CNEG already has licenses to act as a competitive service provider of natural gas, there is no need to transfer Compass's license to CNEG. CNEG's licenses were granted by *Application of Constellation New Energy – Gas Division LLC, for a license to conduct business as a competitive service provider*, Case No. PUE-2010-00024, 2010 S.C.C. Ann. Rept. 486, Order Granting License (May 7, 2010) (authorizing CNEG to provide competitive natural gas service to commercial and industrial customers) and *Application of Constellation NewEnergy – Gas Division, LLC, For a license to conduct business as a natural gas competitive service provider*, Case No. PUR-2017-00043, Doc. Con. Cen. No. 170540141, Order Granting License (May 16, 2017) (authorizing CNEG to provide competitive natural gas service to residential customers).

**CASE NO. PUE-2010-00050**  
**SEPTEMBER 12, 2017**

APPLICATION OF  
 VIRGINIA ELECTRIC COOPERATIVES

Request for Waiver of 20 VAC 5-315-10 *et seq.*

**ORDER**

On April 13, 2010, the State Corporation Commission (the "Commission") issued its Order Adopting Regulations ("Order") in Case No. PUE-2009-00105,<sup>1</sup> which amended Chapter 315 of the Virginia Administrative Code, Regulations Governing Net Energy Metering (20 VAC 5-315-10 *et seq.*) ("Net Metering Rules"), as set forth in Appendix A appended to the Order, which took effect on April 28, 2010. Under the Commission's Order, on or before June 2, 2010, all electric utilities in the Commonwealth of Virginia subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of the Code of Virginia were required to "[f]ile with the Commission's Division of Energy Regulation any revised tariff provisions necessary to implement the regulations as adopted herein."<sup>2</sup>

On May 26, 2010, A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (collectively, the "Cooperatives") filed a Motion for an Extension of Time to File Revised Tariff Provisions ("Motion").

On June 2, 2010, the Commission granted the Cooperatives' Motion, allowing the Cooperatives until August 31, 2010, to file the tariff revisions required by the Net Metering Rules.<sup>3</sup> The Cooperatives filed the tariff sheets as required on August 31, 2010.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that this case should be closed.

Accordingly, IT IS ORDERED THAT this case is dismissed.

<sup>1</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of amending regulations governing net energy metering*, Case No. PUE-2009-00105, 2010 S.C.C. Ann. Rept. 400, Order Adopting Regulations (Apr. 13, 2010).

<sup>2</sup> *Id.* at 402. The Commission's Division of Energy Regulation is now the Division of Public Utility Regulation.

<sup>3</sup> *Application of Virginia Electric Cooperatives, Request for Waiver of 20 VAC 5-315-10 et seq.*, Case No. PUE-2010-00050, Doc. Con. Cen. No. 100610121, Order (June 2, 2010).

**CASE NO. PUE-2010-00135**  
**JUNE 1, 2017**

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

In re: Virginia Electric and Power Company's proposed pilot program on dynamic rates

**ORDER GRANTING AUTHORITY**

During its 2009 Session, the Virginia General Assembly passed Chapter 816 of the 2009 Virginia Acts of Assembly ("Chapter 816"), an uncodified enactment, directing the State Corporation Commission ("Commission") to conduct a proceeding to establish two types of pilot programs for certain customers of electric utilities that generate electricity from renewable generation facilities (collectively, the "Program" or "Pilot Program").<sup>1</sup> In establishing the Pilot Program, Chapter 816 further directs the Commission to determine the scope of the Program, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Program.

On August 19, 2009, the Commission established Case No. PUE-2009-00084,<sup>2</sup> and on July 30, 2010, the Commission issued an Order finding, in part, that Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion Energy Virginia" or the "Company")<sup>3</sup> should establish a Pilot

<sup>1</sup> As defined by § 1 of Chapter 816, the purpose of the Program is:

to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

<sup>2</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Establishing pilot programs to develop certain rate structures for renewable generation facilities*, Case No. PUE-2009-00084, 2010 S.C.C. Ann. Rept. 371, Order Establishing Pilot Program (July 30, 2010).

<sup>3</sup> Effective May 12, 2017, the trade name of Virginia Electric and Power Company changed from Dominion Virginia Power to Dominion Energy Virginia.

Program under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the Company at dynamic rates.

On September 30, 2010, Dominion Energy Virginia filed an Application to Establish Pilot Program in which it proposed to offer three experimental and voluntary dynamic pricing tariffs pursuant to Chapter 816 and the Commission's directives in Case No. PUE-2009-00084. Specifically, the Company proposed a pilot enrollment of 2,000 participants consisting of 1,000 residential customers taking service under experimental dynamic pricing tariff DP-R and 1,000 commercial/general customers taking service under dynamic pricing tariffs DP-1 and DP-2.<sup>4</sup> The Company proposed to keep the Pilot Program in effect until November 30, 2013.

By Order issued on December 3, 2010, in Case No. PUE-2009-00084, the Commission directed that review of Dominion Energy Virginia's proposed Pilot Program be separated into a new docket, Case No. PUE-2010-00135, for further consideration. On April 8, 2011, the Commission entered an Order Establishing Pilot Program ("April 8, 2011 Order") in this docket that, among other things, authorized implementation of the Pilot Program as proposed by the Company until November 30, 2013.

On March 22, 2013, Dominion Energy Virginia filed with the Commission a petition to extend, expand, and modify its Pilot Program approved by the April 8, 2011 Order. By Order issued August 26, 2013, the Commission granted the Company's request to extend the Pilot Program through and including January 31, 2016, and to expand the Pilot Program by a new enrollment limit of 3,000 participants consisting of an additional 1,000 residential customers for a total participation level of 2,000 residential customers taking service under experimental Rate Schedule DP-R, and 1,000 commercial/general service customers taking service under Rate Schedules DP-1 and DP-2 ("August 26, 2013 Order").

On July 31, 2015, Dominion Energy Virginia filed with the Commission a petition to extend its Pilot Program approved by the August 26, 2013 Order. By Order issued July 31, 2015, the Commission granted the Company's request to extend the Pilot Program through and including July 31, 2017.

On January 31, 2017, the Company filed with the Commission a petition to modify Rate Schedules DP-R, DP-1, and DP-2 to allow existing customers to remain on these rate schedules after the July 31, 2017 conclusion of the Dynamic Pricing Pilot if they choose to do so ("Petition").<sup>5</sup> The Company also requested that the Commission allow it to file the final annual report on the Pilot Program on or before October 31, 2017, so that this final annual report can include complete data and analysis through the scheduled end date of the Pilot Program.

On April 10, 2017, the Commission entered an Order for Notice and Comment ("April 10, 2017 Order") in this proceeding that, among other things, provided interested persons an opportunity to comment on the Petition and permitted the Commission Staff ("Staff") to review the Petition and present its findings and recommendations. In the April 10, 2017 Order, the Commission extended the Company's deadline for filing its final annual report to October 31, 2017. On April 28, 2017, the Staff filed comments on the Petition. The Staff did not object to the relief requested in the Petition but noted that

Code § 56-585.1:1 provides that "no adjustment to an investor-owned incumbent electric utility's existing tariff rates, including any rates adopted pursuant to § 56-235.2, shall be made between the beginning of the Transitional Rate Period [January 1, 2015] and the conclusion of the first biennial review after the conclusion of the Transitional Rate Period [December 31, 2019], except as may be provided pursuant to §§ 56-245 or 56-249.6 or subdivisions A 4, 5, or 6 of § 56-585.1."<sup>6</sup>

On May 5, 2017, the Company filed its response to the Staff's comments. According to the Company, Code § 56-585.1:1 precludes changes to a utility's existing tariff rates but does not preclude a utility from requesting Commission approval to change tariff language that does not involve a change in tariff rates.<sup>7</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's proposal to modify Rate Schedules DP-R, DP-1, and DP-2 to allow existing customers to remain on these rate schedules after the July 31, 2017 conclusion of the Dynamic Pricing Pilot if they choose to do so is in the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers or the Company, and will not jeopardize the continuation of reliable electric service. We further find that Code § 56-585.1:1 does not preclude a utility from requesting Commission approval to change tariff language that does not involve a change in tariff rates. Accordingly, we find that the Company's Petition should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Energy Virginia's Petition hereby is approved, and Rate Schedules DP-R, DP-1, and DP-2 shall be modified as proposed therein.

(2) The Company forthwith shall file revisions to Rate Schedules DP-R, DP-1, and DP-2, along with any supporting workpapers, with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance as is necessary to comply with the directives set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) This case shall remain open to receive the final annual report required by the April 10, 2017 Order.

<sup>4</sup> The Company limited participation to customers who have either an interval data recorder or advanced metering infrastructure ("AMI") meter, or who have AMI installed during the Pilot Program through the ongoing AMI demonstrations in Midlothian, Charlottesville, and Northern Virginia.

<sup>5</sup> Petition at 1.

<sup>6</sup> Staff Comments at 1-2.

<sup>7</sup> Company Response at 2-3.

**CASE NO. PUE-2011-00091  
MARCH 3, 2017**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of prepaid electric service tariffs

**ORDER**

By Order on Application issued December 18, 2012, the State Corporation Commission ("Commission") approved in part, and denied in part, the Application of Rappahannock Electric Cooperative ("Rappahannock" or "Cooperative") to establish proposed tariffs to allow the Cooperative to install and operate, upon a customer's request, the equipment and processes necessary to allow a customer to prepay for electric service and to allow the Cooperative to suspend service when a customer incurs charges equal to the customer's prepayments for that service. The Order on Application granted Rappahannock's Application subject to certain requirements, including the requirement for the Cooperative to file with the Commission annual reports on Rappahannock's prepaid electric service program.

On January 4, 2017, the Commission's Staff ("Staff") filed a Motion requesting Commission consideration of a Staff Report attached to the Motion.<sup>1</sup> Staff's Motion asserts that the prepaid reports filed annually in this proceeding by Rappahannock indicate that the Cooperative is not in compliance with one aspect of the Commission's Order on Application and the prepaid tariffs filed pursuant thereto. Namely, Rappahannock's reports identify instances in which it took the Cooperative longer than three hours to restore electric service to prepaid customers that had re-established a positive prepaid balance.

The January 4 Filing also presents options for the Commission's consideration in an effort to address this matter. The options identified by Staff included: (1) providing additional time for affected customers to make payments necessary to avoid a subsequent suspension of service; (2) closing the prepaid program to new participants until the Cooperative demonstrates compliance with its tariffs; and (3) terminating the prepaid program, if the Commission were to determine its continuation is contrary to the public interest.<sup>2</sup>

On January 6, 2017, the Commission issued an Order that established procedural dates for the parties to this proceeding, Rappahannock and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), to respond to the January 4 Filing and for Staff to file any reply thereto.

On January 20, 2017, Rappahannock filed a response to the January 4 Filing ("Rappahannock's Response"). Rappahannock opposed the options identified by Staff and identified an alternative option for Commission consideration. Rappahannock's alternative proposal would provide a \$10 prepaid account credit to any participant whose service is not reactivated within three hours of the Cooperative receiving payment to reestablish a positive prepaid balance.<sup>3</sup> Rappahannock further indicates that it expects the instances of delayed reactivation will be significantly reduced by converting its existing Customer Information System software, provided by multiple vendors and components, to an integrated, single-provider system.<sup>4</sup>

On January 24, 2017, Consumer Counsel filed a response to the January 4 Filing ("Consumer Counsel's Response"). Among other things, Consumer Counsel indicated that it could support either Staff's option of temporarily closing the prepaid program to new participants or potentially Rappahannock's option of a \$10 credit to affected participants, provided that such costs not be borne directly by customers not participating in the prepaid program.<sup>5</sup> Consumer Counsel does not recommend Staff's options of terminating the prepaid program or providing additional time for affected customers to make payments necessary to avoid a subsequent suspension of service.<sup>6</sup>

On January 31, 2017, Staff filed a reply that summarized the four options presented by Staff and Rappahannock for Commission consideration. Staff also recommended that any action directed by the Commission in this matter be memorialized in the Cooperative's prepaid tariffs and not allow for any subsidy by non-participating customers.<sup>7</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Rappahannock's prepaid electric service tariffs shall provide for a \$10 credit for any prepaid customer whose service is not restored within three hours of the Cooperative receiving payment that reestablishes a positive prepaid balance for the customer.<sup>8</sup> The Commission also finds that this matter supports continuing and more detailed reporting by the Cooperative on its prepaid program. More detailed reporting by the Cooperative, as directed herein, will allow the Commission, Staff, and Consumer Counsel to continue to monitor the program and Rappahannock's compliance with its tariffs, including the requirement to restore service within three hours and the credits authorized herein.

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<sup>1</sup> The Staff Report and accompanying Motion hereafter are referred to collectively as the "January 4 Filing."

<sup>2</sup> Staff Report at 5-7.

<sup>3</sup> Rappahannock's Response at 7.

<sup>4</sup> *Id.* at 3-4.

<sup>5</sup> Consumer Counsel's Response at 3-4.

<sup>6</sup> *Id.*

<sup>7</sup> Staff Reply at 2.

<sup>8</sup> No party or Staff opposed Commission approval of this credit.

Accordingly, IT IS ORDERED THAT:

(1) Staff's Motion is granted as set forth herein.

(2) Rappahannock forthwith shall file with the Clerk of the Commission revised prepaid tariffs in conformance with this Order. The Clerk shall retain such filing for public inspection and in person on the Commission's website: <http://www.sec.virginia.gov>.

(3) For each reporting period, Rappahannock's prepaid reporting obligation is expanded to require the Cooperative to: (a) sufficiently document and explain the cause of each instance in which prepaid service has not been restored within the prescribed three-hour period and credits have been provided by the Cooperative; and (b) provide an update on the status and implementation of the Cooperative's planned software conversion.

(4) All other provisions of the Commission's Orders in this proceeding, including the Cooperative's reporting obligations directed therein, shall remain in full force and effect.

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

**CASE NO. PUE-2011-00115  
SEPTEMBER 15, 2017**

APPLICATION OF  
CONSTELLATION ENERGY SERVICES – NATURAL GAS, LLC

For a license to conduct business as a competitive service provider of natural gas in Virginia

**ORDER CANCELLING LICENSE**

On December 1, 2011, the State Corporation Commission ("Commission") issued License No. G-31 to Integrys Energy Services – Natural Gas, L.L.C. ("Integrys").<sup>1</sup> Under License No. G-31, Integrys was authorized to provide competitive natural gas service to residential, commercial, and industrial customers throughout the Commonwealth of Virginia.<sup>2</sup>

By letter dated April 13, 2015, the Commission was informed that Exelon Corporation ("Exelon") had entered into a definitive agreement for Exelon to purchase Integrys Energy Services, Inc., including its subsidiary, Integrys. The letter informed the Commission that, effective April 1, 2015, the name of the licensee under License No. G-31 was changed to Constellation Energy Services - Natural Gas, LLC ("Constellation").

The Commission issued Constellation NewEnergy – Gas Division LLC ("CNEG"), an affiliate of Constellation, License No. G-26 in 2010, which authorized CNEG to provide competitive natural gas service to commercial and industrial customers throughout the Commonwealth of Virginia.<sup>3</sup> CNEG subsequently was issued License No. G-51 in 2017, which authorized CNEG to provide competitive natural gas service to residential customers throughout the Commonwealth of Virginia.<sup>4</sup>

On August 28, 2017, Constellation filed a letter pursuant to 20 VAC 5-312-20 (Q) of the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* The letter states that on August 1, 2017, Constellation was merged into CNEG, with CNEG being the surviving entity. As a result of this change, Constellation requests the withdrawal of License No. G-31.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License No. G-31 issued to Constellation should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-31 issued to Constellation to conduct business as a natural gas competitive service provider hereby is cancelled.

(2) This case is dismissed.

<sup>1</sup> *Application of Integrys Energy Services – Natural Gas, L.L.C., for a license to conduct business as a competitive service provider of natural gas in Virginia*, Case No. PUE-2011-00115, 2011 S.C.C. Ann. Rept. 551, Order Granting License (Dec. 1, 2011).

<sup>2</sup> As of December 1, 2011, only the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company were open to natural gas retail access. *Id.* at 552.

<sup>3</sup> *Application of Constellation New Energy – Gas Division LLC, for a license to conduct business as a competitive service provider*, Case No. PUE-2010-00024, 2010 S.C.C. Ann. Rept. 486, Order Granting License (May 7, 2010). CNEG was authorized to provide competitive natural gas service "to commercial and industrial customers throughout the Commonwealth of Virginia as Virginia opens to retail access and customer choice." *Id.* at 487.

<sup>4</sup> *Application of Constellation NewEnergy – Gas Division, LLC, For a license to conduct business as a natural gas competitive service provider*, Case No. PUR-2017-00043, Doc. Con. Cen. No. 170540141, Order Granting License (May 16, 2017). As of May 16, 2017, only the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company were open to natural gas retail access. *Id.*



**CASE NO. PUE-2013-00045**  
**JUNE 29, 2017**

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

Concerning the establishment of a renewable energy pilot program for third party power purchase agreements

**ORDER UPDATING GUIDELINES**

On March 14, 2013, the Virginia General Assembly enacted Chapter 382 of the 2013 Virginia Acts of Assembly ("2013 Legislation") requiring the State Corporation Commission ("Commission") to conduct a renewable energy pilot program for third party power purchase agreements within the service territory of Virginia Electric and Power Company and to establish certain guidelines regarding implementation of this pilot program. Pursuant to the 2013 Legislation, on November 14, 2013, the Commission established a pilot program and developed Guidelines Regarding Notice Information for a Third Party Renewable Power Purchase Agreement ("Guidelines").

On April 5, 2017, the Virginia General Assembly approved Chapter 803 of the 2017 Virginia Acts of Assembly ("2017 Amendments"), which, among other things, re-enacted the 2013 Legislation with amendments requiring that a pilot program now be conducted within the certificated service territory of each investor-owned electric utility in Virginia, excepting any utility described in § 56-580 G of the Code of Virginia. As a result, updates to the *Applicability* and *Program Cap Management* sections of the Guidelines are necessary.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Guidelines should be updated as set forth in Attachment A to this Order to reflect the 2017 Amendments.<sup>1</sup>

Accordingly, IT IS ORDERED THAT:

(1) The instant case is moved from "closed" to "active" status in the records maintained by the Clerk of the Commission and is restored to the Commission's docket for the purpose of updating the Commission's Guidelines.

(2) The Guidelines, which were established pursuant to Chapter 382 of the 2013 Virginia Acts of Assembly, are hereby updated as set forth in Attachment A to this Order to reflect the amendments enacted by Chapter 803 of the 2017 Virginia Acts of Assembly.

(3) Any renewable third party power purchase agreement established pursuant to the pilot program shall be established in accordance with these Guidelines and shall comply with the attendant statutory requirements.

(4) This case is dismissed.

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<sup>1</sup> A copy of the Guidelines that highlights the updates included in Attachment A also is attached to this Order as Attachment B. A copy of the Guidelines set forth in Attachment A and Attachment B also may be viewed at <http://www.scc.virginia.gov/pur/pilot.aspx>.

**CASE NO. PUE-2014-00025**  
**AUGUST 9, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Remington CT-Warrenton 230 kV Double Circuit Transmission Line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Transmission Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station

**ORDER GRANTING EXTENSION**

On March 31, 2014, Virginia Electric and Power Company d/b/a Dominion Energy Virginia<sup>1</sup> ("Dominion" or "Company") filed with the Virginia State Corporation Commission ("Commission") an application and supporting documents for a certificate of public convenience and necessity for a Remington CT-Warrenton 230 kilovolt ("kV") double circuit transmission line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV transmission lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station (collectively, and as amended below, "Projects").

Subsequently, the Company filed supplemental direct testimony and a supplemental appendix. Among other things, the supplemental appendix and supporting supplemental direct testimony provided a response to the suggestion of the Commission's Staff ("Staff") that the Company consider a variation of Option C, the Company's preferred alternative, for the proposed Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Lines terminating at the existing Gainesville Substation rather than Loudoun Substation. The Company's supplemental filings of November 14, 2014, redefined the former Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Lines to be the Vint Hill-Wheeler and Wheeler-Gainesville 230 kV Lines.

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<sup>1</sup> Effective May 12, 2017, Virginia Electric and Power Company changed its "doing business as" name from Dominion Virginia Power to Dominion Energy Virginia.

On February 11, 2016, the Commission entered a Final Order in this proceeding authorizing Dominion to construct and operate the Projects and granting certificates of public convenience and necessity for the Projects.<sup>2</sup> Ordering Paragraph (5) of the Final Order stated specifically: "The transmission line and associated substation work approved herein shall be constructed and in service by July 1, 2017; however, the Company is granted leave to apply for an extension for good cause shown."<sup>3</sup>

On June 12, 2017, Dominion filed the Motion of Virginia Electric and Power Company for Extension of Construction and In-Service Date ("Motion"). In its Motion, Dominion states that "[d]ue to unforeseen changes in zoning and local approval requirements and outage constraints, combined with the necessary construction and energizing sequencing, the Company will not be able to complete the Project by the deadline of July 1, 2017."<sup>4</sup> The Company requests through its Motion that the deadline provided in the Final Order be extended to December 31, 2018.<sup>5</sup> Dominion represents that it notified the parties to this case of the Company's intent to seek an extension.<sup>6</sup> The Fauquier County Water and Sanitation Authority responded that it does not oppose the Motion, but the Company did not receive responses from the Fauquier County Board of Supervisors, Fauquier County Public Schools, Piedmont Environmental Council, Brookside Development, or the Staff.<sup>7</sup> The Company represents that it was not able to reach Morris Farm LLC.<sup>8</sup>

On June 30, 2017, the Staff filed the Staff Response ("Response") to Dominion's Motion. In its Response, the Staff asserts that the Company's Motion lacks specificity for the Commission to evaluate whether no party or person is prejudiced and whether good cause exists to grant the extension.<sup>9</sup> The Staff also asserts that Dominion should have notified the Commission as soon as delays to construction of the Projects became apparent.<sup>10</sup> Ultimately, the Staff requests that "the Commission require prompt communication of any further anticipated delays and further support for the assertions made in the [Motion]."<sup>11</sup> The Commission received no other response to the Motion.

On July 17, 2017, the Company filed the Reply of Virginia Electric and Power Company in Support of Motion for Extension of Construction and In-Service Date ("Reply"). In its Reply, Dominion asserts, among other things, that the Staff's position on its Motion is "contrary to Commission precedent and Staff's and the Company's established pattern and practice, and therefore should be rejected[.]"<sup>12</sup> Notwithstanding the Company's position, however, Dominion provides additional information regarding its requested extension in its Reply.<sup>13</sup> Further, in its Reply, the Company asserts, among other things, that "[t]he uncontroverted evidence in the case established that it would take approximately twenty-eight months to construct" the Projects.<sup>14</sup> Dominion asserts that based on this estimated construction schedule, the in-service date for these Projects should have been set for around August 2018, not July 2017.<sup>15</sup> Dominion asserts that it was aware of this timing concern when the Final Order was issued but thought it would be prudent to focus its immediate attention on implementing the Projects and to address the timing concerns at a later date.<sup>16</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Motion should be granted. We note, however, that if a company is aware at the time the Commission issues a final order that a project cannot be completed by the in-service date set forth in such Commission order, the preferred time to request a change of the in-service date is when the final order is issued.

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<sup>2</sup> *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities for the Remington CT-Warrenton 230 kV Double Circuit Transmission Line, Vint Hill-Wheeler and Wheeler-Loudoun 230 kV Transmission Lines, 230 kV Vint Hill Switching Station, and 230 kV Wheeler Switching Station*, Case No. PUE-2014-00025, 2016 S.C.C. Ann. Rept. 200, Final Order (Feb. 11, 2016).

<sup>3</sup> *Id.* at 204.

<sup>4</sup> Motion at 3.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* The Company also notified Northern Virginia Electric Cooperative of its request.

<sup>9</sup> *See, e.g.*, Response at 5, 12.

<sup>10</sup> *Id.* at 6-7.

<sup>11</sup> *Id.* at 12.

<sup>12</sup> Reply at 10.

<sup>13</sup> *Id.* at 10-14, 16.

<sup>14</sup> *Id.* at 2-3.

<sup>15</sup> *Id.* at 3.

<sup>16</sup> *Id.*

Accordingly, IT IS ORDERED THAT:

- (1) This matter is re-opened for the limited purpose of considering and ruling upon the Motion.
- (2) Ordering Paragraph (5) of the Final Order hereby is revised to read as follows: The transmission line and associated substation work approved herein shall be constructed and in service by December 31, 2018; however, the Company is granted leave to apply for an extension for good cause shown.
- (3) All other provisions of the Final Order shall remain unchanged.
- (4) As there is nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUE-2014-00126  
JULY 10, 2017**

JOINT PETITION OF  
AQUA WINTERGREEN VALLEY UTILITY COMPANY, INC.  
and  
WINTERGREEN VALLEY UTILITY COMPANY, L.P.

For approval of a transfer of utility assets

**ORDER**

On December 18, 2014, Aqua Wintergreen Valley Utility Company, Inc. ("Aqua Wintergreen" or "Company"), a wholly owned subsidiary of Aqua Virginia, Inc. ("Aqua Virginia"),<sup>1</sup> and Wintergreen Valley Utility Company, L.P. ("Wintergreen" or "Seller") (collectively, "Joint Petitioners"), filed a joint petition ("Joint Petition") with the State Corporation Commission ("Commission") seeking approval of the acquisition and disposition of utility assets used to provide water and sewer service ("Water and Sewer Systems") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").<sup>2</sup> The Joint Petitioners also requested, pursuant to § 56-265.3 D of the Code, approval to transfer Wintergreen's certificate of public convenience and necessity to Aqua Wintergreen.

On January 26, 2015, the Commission issued an Order for Notice and Comment that provided for notice to the public of the Joint Petition and established a procedural schedule in this case.

On June 3, 2015, the Commission issued an Order Granting Approval, finding that the proposed transfer of assets will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved, subject to the requirements set forth therein.<sup>3</sup> Among other things, the 2015 Order allowed Aqua Wintergreen to implement proposed rates for the Water and Sewer Systems on an interim basis, subject to refund with interest. The 2015 Order also directed Aqua Wintergreen to submit certain financial information within 90 days following the first full year of Aqua Wintergreen's ownership of the Water and Sewer Systems ("Compliance Filing"). The 2015 Order directed the Commission's Staff ("Staff") to review the Compliance Filing and conduct an investigation of: (i) the Water and Sewer Systems' cost of service; and (ii) the reasonableness of the proposed rates for the Water and Sewer Systems. The 2015 Order further directed Staff to file a report summarizing its findings of such investigation.

Pursuant to the 2015 Order, Aqua Wintergreen filed its Compliance Filing on August 30, 2016. On April 20, 2017, Staff filed a report ("Staff Report") summarizing Staff's investigation of the Water and Sewer Systems' cost of service and the reasonableness of the interim rates. Staff recommended that the payments that were negotiated as part of the purchase of the Water and Sewer Systems as additional contingent compensation to the Seller ("Contingency Payments") be booked as part of the Utility Plant Acquisition Adjustment ("UPAA") (the difference between the proposed purchase price and the Seller's net plant at closing) and not as Contributions in Aid of Construction.<sup>4</sup> Staff also recommended that the Commission defer the determination on recovery of the UPAA in rates until Aqua Wintergreen's next base rate proceeding.<sup>5</sup> Staff further found that the Company's interim rates in effect for the period under review do not appear to be unreasonable, and Staff recommended that these rates be made permanent.<sup>6</sup> On May 17, 2017, the Company filed its response to the Staff Report, in which the Company stated that it does not oppose Staff's recommendation to defer resolution of recovery of the UPAA in rates until Aqua Virginia's next base rate proceeding.<sup>7</sup>

<sup>1</sup> On May 3, 2017, the Commission approved the merger of Aqua Virginia, Aqua Wintergreen, and two other Aqua Virginia subsidiaries into one corporation, with Aqua Virginia as the surviving entity. See *Joint Petition of Aqua Virginia, Inc.; Aqua Presidential, Inc.; Aqua Wintergreen Valley Utility Company; and Aqua Utilities Captain's Cove, Inc., For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00018, Doc. Con. Cen. No. 170510135, Order Granting Approval (May 3, 2017) ("Merger Order").

<sup>2</sup> Va. Code § 56-88 *et seq.*

<sup>3</sup> *Joint Petition of Aqua Wintergreen Valley Utility Company, Inc. and Wintergreen Valley Utility Company, L.P., For approval of a transfer of utility assets*, Case No. PUE-2014-00126, 2015 S.C.C. Ann. Rept. 261, Order Granting Approval (June 3, 2015) ("2015 Order").

<sup>4</sup> Staff Report at 6-7, 15.

<sup>5</sup> *Id.* at 12-13, 15. As a result of the Merger Order, the next base rate proceeding will be an Aqua Virginia base rate proceeding.

<sup>6</sup> Staff Report at 15-16.

<sup>7</sup> The Company's response did not state a position regarding Staff's recommended treatment of the Contingency Payments.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that this case should be reopened for the specific purpose of issuing a final decision on Aqua Wintergreen's interim rates and the Staff Report's recommendations.

Accordingly, IT IS ORDERED THAT:

- (1) The Company shall book the Contingency Payments as part of the UPAA.
- (2) The determination on recovery of the UPAA in rates shall be deferred until Aqua Virginia's next base rate proceeding.
- (3) Aqua Wintergreen's rates shall be made permanent until Aqua Virginia's next base rate proceeding.
- (4) This matter is hereby dismissed.

**CASE NO. PUE-2015-00005  
MAY 3, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a pilot and experimental rate, designated Rider DCS, to enable customer purchases of distributed solar generation pursuant to § 56-234 B of the Code of Virginia

**ORDER**

On January 20, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-234 B of the Code of Virginia, filed an application with the State Corporation Commission ("Commission") for approval of the Dominion Community Solar Pilot ("DCS Pilot") and experimental rate, designated Rider DCS – Dominion Community Solar (Experimental) ("Rider DCS"), to enable voluntary customer purchases of 100 kilowatt-hour blocks of solar generation from a Company-owned, 2 megawatt direct current distributed solar generation ("Solar DG") facility sited in Virginia ("Application"). On August 7, 2015, the Commission issued an Order approving the Company's Application for the DCS Pilot and Rider DCS.<sup>1</sup>

On April 19, 2017, Dominion filed to withdraw and cancel the DCS Pilot and corresponding Rider DCS ("Request to Withdraw"). In its Request to Withdraw, Dominion stated that there are significant similarities between the DCS Pilot and a new subscription-based community solar pilot program ("Solar Pilot Program") that the Company must conduct.<sup>2</sup> The Company believes that, given the similarities of these programs, the simultaneous availability of both programs could create potential customer confusion.<sup>3</sup>

Further, Dominion stated in its Application in this proceeding that it sought approval of the DCS Pilot in part to gauge the interest of its customers in supporting and promoting the development of Solar DG.<sup>4</sup> In its Request to Withdraw, Dominion noted that "the information regarding customer interest that the Company will obtain from the Solar Pilot Program is substantially the same as that which the Company hoped to obtain from the DCS Pilot and Rider DCS."<sup>5</sup>

Finally, Dominion stated in its Request to Withdraw that the designated Rider DCS facility is not yet operational. As such, no customers have subscribed, or are currently subscribing, to the DCS Pilot. The Company therefore maintains that no customers will be prejudiced by the granting of its Request to Withdraw.<sup>6</sup>

NOW THE COMMISSION, upon consideration of the Request to Withdraw, is of the opinion and finds that the Request to Withdraw should be granted. Such action is in the public interest at this time, based on developments that occurred after the approval of the DCS Pilot, most notably the recent enactment of legislation that requires Dominion to conduct a Solar Pilot Program that will likely have significant similarities to the DCS Pilot. Moreover, as no customers are currently participating in the DCS Pilot, we find that no customers are prejudiced by the approval of the Request to Withdraw.<sup>7</sup>

<sup>1</sup> *Application of Virginia Electric and Power Company, For approval of a pilot and experimental rate, designated Rider DCS, to enable customer purchases of distributed solar generation pursuant to § 56-234 B of the Code of Virginia*, Case No. PUE-2015-00005, 2015 S.C.C. Ann. Rept. 268, Final Order (Aug. 7, 2015).

<sup>2</sup> See 2017 Va. Acts of Assembly, Ch. 580 (approved Mar. 16, 2017; effective July 1, 2017).

<sup>3</sup> Request to Withdraw at 1, 5-6.

<sup>4</sup> Ex. 1 (Application) at 2.

<sup>5</sup> Request to Withdraw at 6.

<sup>6</sup> *Id.* at 5-6.

<sup>7</sup> Further, since no customers are currently subscribing to the DCS Pilot, we find that no further notice of the Company's Request to Withdraw is required.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Request to Withdraw is hereby granted.
- (2) This case is hereby dismissed.

**CASE NO. PUE-2015-00021  
JUNE 1, 2017**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For approval and certification of the Tazewell-Bearwallow 138 kV Transmission Line Rebuild Project Under Title 56 of the Code of Virginia

**ORDER**

On March 13, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and certification of the Tazewell-Bearwallow 138 kilovolt ("kV") Transmission Line Rebuild Project ("Project"). On September 14, 2015, the Commission issued a Final Order ("2015 Order")<sup>1</sup> in this proceeding that, among other things, granted the Application and approved a certificate of public convenience and necessity for construction of the Project by APCo, subject to the requirements set forth therein. The 2015 Order included Ordering Paragraph (5), which states as follows:

The Project approved herein must be constructed and in service by September 1, 2017; provided, however, the Company is granted leave to apply for an extension for good cause shown.<sup>2</sup>

On May 17, 2017, APCo filed with the Commission a Motion for Extension of Date for Completion of Construction ("Motion") by which the Company requests an extension of the September 1, 2017 date included in Ordering Paragraph (5) until December 31, 2018. In support of its Motion, APCo states, that due to outage constraints and serial construction sequencing requirements beginning on the Whitewood-Richlands 138 kV Line Project, and subsequently on the feeder lines from West Virginia, the Company will not be able to place the Project in service by September 1, 2017.<sup>3</sup> The Company states the extension will allow the Company sufficient time to complete the Project and place it in service.

NOW THE COMMISSION, having considered this matter, finds that the Company's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) APCo's Motion is hereby granted.
- (2) The September 1, 2017 completion date in Ordering Paragraph (5) of the 2015 Order in this proceeding is extended until December 31, 2018, provided, however, that APCo is granted leave to apply for extension of this date for good cause shown.

<sup>1</sup> 2015 S.C.C. Ann. Rept. 288.

<sup>2</sup> *Id.* at 292.

<sup>3</sup> Motion at 1-2.

**CASE NO. PUE-2015-00068  
MARCH 23, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
APPALACHIAN POWER COMPANY,  
Defendant

**ORDER CLOSING CASE**

On June 12, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ordering Appalachian Power Company ("Company") to show cause why the Company, by declining to provide the Commission with certain financial and accounting information, was not in violation of §§ 56-36 and 56-249 of the Code of Virginia.

On February 5, 2016, after receiving pleadings and conducting a hearing on this matter, the Commission issued an order directing the Company to provide to the Commission's Staff ("Staff") certain financial and accounting information by dates specified therein. The Company subsequently provided such information to the Staff.<sup>1</sup>

Accordingly, IT IS ORDERED THAT, there being nothing further to be done herein at this time, this case is hereby closed without prejudice.

<sup>1</sup> This proceeding concerned information for calendar years 2014 and 2015. In a separate proceeding, the Commission reiterated that the Company will continue to report, and Staff shall continue to monitor, financial information regarding the Company's base rates. *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of determining the proper treatment of regulatory assets authorized for Appalachian Power Company*, Case No. PUE-2015-00001, Doc. Con. Cen. No. 160920189, Order Closing Case at 2 (Sept. 16, 2016).

**CASE NO. PUE-2015-00097  
MAY 24, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

**FINAL ORDER**

On October 30, 2015, Virginia-American Water Company ("Virginia-American," or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application"). On November 16, 2015, the Company filed supplemental materials. In its Application, the Company requested authority to increase rates to produce additional jurisdictional sales revenues of \$8.69 million.<sup>1</sup> The proposed rate increase would constitute an 18.42% increase in test year revenues and is based on a 10.75% return on common equity.<sup>2</sup> The proposed increase in water and/or wastewater revenues is divided between Virginia-American's Alexandria District - \$2,326,882 (a 15.86% increase); Hopewell District - \$3,166,663 (a 25.35% increase); Prince William Water District - \$1,137,416 (a 13.68% increase); Prince William Wastewater District - \$1,682,310 (a 17.31% increase); and Eastern District - \$372,377 (a 19.07% increase).<sup>3</sup>

By Order for Notice and Hearing entered on November 30, 2015, the Commission docketed the Application; established a procedural schedule; directed the Company to provide public notice of its Application; scheduled a public hearing on the Application for June 21, 2016; and assigned a Hearing Examiner to conduct all further proceedings on behalf of the Commission and file a report containing the Hearing Examiner's findings and recommendations.<sup>4</sup>

The County of Prince George, Virginia ("Prince George"), the Counties of Westmoreland and Northumberland (collectively, "Westmoreland and Northumberland"), the City of Alexandria, Virginia ("City of Alexandria"), the City of Hopewell, Virginia ("City of Hopewell"), The Hopewell Committee for Fair Water Rates ("Hopewell Committee"), and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed notices of participation in this proceeding.

The evidentiary hearing was convened as scheduled beginning on June 21, 2016. One public witness testified in opposition to the proposed increase. The Company, the Commission's Staff ("Staff"), Prince George, Westmoreland and Northumberland, the City of Alexandria, the City of Hopewell, the Hopewell Committee, and Consumer Counsel participated in the hearing.

On September 1, 2016, post-hearing briefs were filed by the Company, Staff, the Hopewell Committee, Consumer Counsel, Prince George, Westmoreland and Northumberland, and the City of Alexandria and the City of Hopewell, which filed a joint post-hearing brief.

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 2.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> On December 9, 2015, the Commission issued a Correcting Order, which corrected certain errors and omissions that were included in the November 30, 2015 Order for Notice and Hearing.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On November 29, 2016, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was filed. The Hearing Examiner in his Report, made the following findings: (1) the use of a Test Year ending June 30, 2015, is proper in this proceeding; (2) the Company Rate Year operating revenue, after all adjustments, is \$47,662,272; (3) the Company's adjusted Rate Year net operating income, after all adjustments is \$7,360,530; (4) the Company's Rate Year operating expenses, after all adjustments, are \$40,301,742; (5) the Company's overall end Rate Year rate base, after all adjustments, is \$147,736,328; (6) the adjustments made by Staff are reasonable and should be approved; (7) the bookkeeping recommendations made by Staff are appropriate and should be approved; (8) the Commission should not approve regulatory asset treatment of the costs associated with the Hopewell diesel fuel spill. The Company should be directed to write off these costs from its books and capitalize the infrastructure costs on its books. The Company should be directed to file journal entries and other supporting documents showing compliance within 60 days of the Commission's Final Order in this case; (9) the conversion of the Prince William Wastewater District from a Debt Service Coverage model to a Rate of Return on Rate Base model for purpose of establishing new rates should be approved; (10) the Company's proposal to calculate the Prince William Wastewater District's revenue requirement using a rate of return methodology is appropriate and should be approved; (11) the Commission should not approve the Company's request for an acquisition adjustment for its purchase of Dale Service. The Company should be directed to write off these costs from the books and file journal entries and other supporting documents showing compliance within 60 days of the Commission's Final Order in this case; (12) the Company's proposed RSM should not be approved; (13) the Company's proposed declining use adjustment should not be approved; (14) the Commission should direct the Company to conduct a comprehensive study of its federal income taxes and file a report on the results of such study with the Commission's Division of Utility Accounting and Finance within 180 days of the Final Order in this proceeding; (15) the Company's proposed service charge equalization adjustment should not be approved; (16) a three-year pilot water and wastewater infrastructure surcharge ("WWISC") program with a 7.5% cap for the Alexandria District should be approved subject to the limitations and safeguards set forth; (17) American Water Works actual capital structure as of June 30, 2015, is reasonable and should be utilized to determine the overall cost of capital in this proceeding; (18) a return on equity cost range of 8.5% to 9.5%, with a midpoint of 9.0% for the purpose of setting rates, is reasonable and should be approved; (19) the Company's overall weighted cost of capital is 7.019%; (20) the Company requires \$4,781,959 in additional gross annual revenues; and (21) the Company should promptly refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable herein.<sup>5</sup>

The Hearing Examiner recommended that the Commission enter an order adopting the findings in the Report; granting the Company an increase in gross annual revenues of \$4,781,959; and directing the Company to promptly refund all amounts collected under the interim rates in excess of the rate increase found just and reasonable.<sup>6</sup>

On December 20, 2016, the Company, the City of Alexandria, the City of Hopewell, Westmoreland and Northumberland, the Hopewell Committee, Consumer Counsel, and Staff timely filed comments to the Report.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted in part and denied in part.

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<sup>5</sup> Report at 126-127.

<sup>6</sup> *Id.* at 127.

The Commission finds that the determinations made by the Hearing Examiner with regard to the following subjects are appropriate and shall be approved: (i) Hopewell Fuel Spill;<sup>7</sup> (ii) Community Relations Expense;<sup>8</sup> (iii) Income Tax Expense;<sup>9</sup> (iv) Cash Working Capital;<sup>10</sup> (v) Revenue Stability Mechanism;<sup>11</sup> (vi) Declining Usage Adjustment;<sup>12</sup> (vii) Affiliate Related Costs;<sup>13</sup> (viii) Payroll Expense;<sup>14</sup> (ix) Software License Costs;<sup>15</sup> (x) Purchased Power and Chemical Expense;<sup>16</sup> (xi) Purchased Water Expense;<sup>17</sup> (xii) the Conversion of the Prince William Wastewater District from a Debt Service Coverage Model to a Return on Rate Base Model;<sup>18</sup> (xiii) Accumulated Deferred Income Taxes ("ADIT");<sup>19</sup> (xiv) Tank Re-Painting;<sup>20</sup> and (xv) all other adjustments made by Staff, except as indicated otherwise below.<sup>21</sup>

#### WWISC

The Commission agrees with the Hearing Examiner and finds that a three-year pilot WWISC shall be approved and implemented for the Alexandria District subject to the safeguards and limitations described in the Hearing Examiner's Report except as modified herein.<sup>22</sup> We clarify that the detailed accounting information that shall accompany the annual WWISC filings is the information described in Staff testimony and not opposed by the Company.<sup>23</sup> The Hearing Examiner recommended that a placeholder effective date be kept to allow for implementation consistent with the date, if any, authorized by the Commission. The Hearing Examiner further recommend that the Company commence deferring costs on its books associated with actual WWISC-eligible investment placed in service on and after April 1, 2017.<sup>24</sup> The Commission authorizes Virginia-American to file an application on or after

<sup>7</sup> *Id.* at 93-96. The Company shall file journal entries and other supporting documents as recommended by Staff witness Clayton showing compliance within sixty (60) days of the Final Order in this case. *See* Ex. 43 (Clayton Direct) at 20.

<sup>8</sup> Report at 103-104.

<sup>9</sup> *Id.* at 105-108.

<sup>10</sup> *Id.* at 111-112.

<sup>11</sup> *Id.* at 112-113.

<sup>12</sup> *Id.* at 114.

<sup>13</sup> *Id.* at 100-101.

<sup>14</sup> *Id.* at 102-103. Under the facts of this case, the Commission finds that the Hearing Examiner's determination with regard to payroll expense best complies with the requirements of § 56-235.2 of the Code of Virginia that the Commission project costs it finds can reasonably be predicted to occur during the rate year. In an effort to recognize the total level of projected rate year payroll costs, we incorporate Staff's updated payroll expense combined with capitalized labor in the rate year projection.

<sup>15</sup> *Id.* at 102. We further note that this treatment of the software license costs is consistent with previous Commission decisions regarding the allocation of costs related to certain information technologies that are jointly utilized by multiple affiliated companies. *See, e.g., Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2015 S.C.C. Ann. Rept. 209, Order on Petition for Reconsideration and Clarification (Feb. 3, 2015).

<sup>16</sup> Report at 109-110.

<sup>17</sup> *Id.* at 110-111. The Commission concurs with the Hearing Examiner's finding that, going forward, the Company must track unbilled Purchased Water Surcharge revenue and justify the need for a dollar-for-dollar recovery mechanism in its next rate case. Should the Company determine in the future that a surcharge remains necessary, it must also justify whether a portion of the cost should remain a component of base rates. *Id.* at 111.

<sup>18</sup> *Id.* at 96.

<sup>19</sup> Ex. 50 (Myers Direct) 3-26. Staff proposed several adjustments to address concerns related to Virginia-American's treatment of ADIT. The Company took issue with Staff's proposal to apply a proration methodology to all rate base items projected into the Rate Year, rather than using a thirteen-month average as proposed by the Company. The Hearing Examiner accepted all of Staff's adjustments to ADIT. *See* Report at 105-108. We find that Staff's adjustments, including the adjustment to apply a proration methodology to all rate base items projected into the Rate Year, are appropriate based on the facts in this case and are in compliance with Internal Revenue Service regulations. Staff's proposed adjustments to ADIT therefore shall be approved.

<sup>20</sup> Though the Hearing Examiner did not specifically discuss tank re-painting in his Report, he did generally recommend approval of Staff's adjustments, which includes earnings test and ratemaking adjustments for tank re-painting. He also recommended approval of Staff's bookkeeping recommendations. The Commission finds that Virginia-American shall write off its existing tank re-painting balance and, in its place, record the reserve balance as calculated in Staff witness Armstrong's prefiled testimony. The Company shall provide proof of compliance with this directive to Staff within sixty (60) days from the date this Final Order is entered. Further, going forward, the Commission finds that the Company shall account for tank re-paintings by using reserve accounting. *See* Ex. 55 (Armstrong Direct) at 44, 53, and 56.

<sup>21</sup> Report at 126.

<sup>22</sup> *Id.* at 121-125. One of these safeguards listed by the Hearing Examiner is that the Commission should have the discretion to rule any annual WWISC filing incomplete. We note that the Commission retains this discretion in such proceeding, as with any other proceeding.

<sup>23</sup> Ex. 55 (Armstrong Direct) at 29-31; Ex. 66 (Akmentins Rebuttal) at 7.

<sup>24</sup> *Id.* at 125.



June 1, 2017, to institute a WWISC, as set forth herein. Further, we agree with the Hearing Examiner that the Company may defer costs on its books associated with WWISC-eligible investment on or after April 1, 2017. Finally, the Commission agrees with the Hearing Examiner that the use of an Earnings Test should accompany the annual WWISC review and finds that refunds should be made to ratepayers, with interest, to the extent WWISC collections result in annual earnings above the rate of return on common equity of 9.25% approved below.

#### *Tax Study*

In this proceeding, Staff recommended that the Company be directed to complete a comprehensive federal tax study in order to address identified concerns with the Company's accounting treatment of federal income taxes for ratemaking purposes.<sup>25</sup> The Hearing Examiner found that the Company should be directed to complete a comprehensive study of its federal income taxes and provide a report on the results of that study to the Commission's Division of Utility Accounting and Finance within one hundred and eighty (180) days of this Final Order.<sup>26</sup> The Commission concurs with the Hearing Examiner's finding.<sup>27</sup> However, the Commission acknowledges the Company's concern that such a study could potentially be costly.<sup>28</sup> Therefore, the Commission further finds that reasonable costs incurred by the Company in conducting this comprehensive federal tax study may be deferred as a regulatory asset and amortized over five years, subject to annual earnings tests.

#### *ROE*

Company witness Moul concluded that Virginia-American should be afforded an opportunity to earn an ROE of 10.75% in order to compete in the capital markets and be compensated for its above average risk profile.<sup>29</sup> Hopewell Committee witness Gorman determined that, based on current data, Virginia-American's ROE should be in the range of 8.9% to 9.1%, with a recommended midpoint of 9.0%.<sup>30</sup> City of Alexandria witness Eger stated that a 10.75% ROE for Virginia-American was not supported by the evidence in this case.<sup>31</sup> Prince George, Westmoreland, and Northumberland witness Trimble stated that the 10.75% ROE sought by Virginia-American was too high relative to other similar utilities.<sup>32</sup> Staff testified that the ROE for Virginia-American falls within the range of 8.5% to 9.5% with a recommended midpoint of 9.0%.<sup>33</sup>

The Hearing Examiner found that an ROE of 9.0% is reasonable and appropriate for the Company, stating in part that interest rates have decreased since the Company's previous rate case and lower interest rates will require a lower ROE than was awarded in the Company's previous rate case.<sup>34</sup> The Hearing Examiner further found that the Company's leverage, size, and flotation adjustments were inappropriate and served to inflate the Company's ROE.<sup>35</sup>

The Commission agrees with the Hearing Examiner that the Company's proposed leverage, size, and flotation adjustments are inappropriate in this case. The Commission finds that establishing an ROE range of 8.5% to 9.5%, with rates set at 9.25%, is fair and reasonable under the circumstances of this case. The Commission concludes that this return is supported by the evidence in the record, results in a fair and reasonable ROE, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and supports the concept of gradualism in ROE determinations.<sup>36</sup>

#### *Rate Case Expense*

Staff calculated a five-year average for the Company's rate case expense through January 31, 2016.<sup>37</sup> The Company requested to update this average to incorporate additional rate case expenses incurred by the Company through April 30, 2016.<sup>38</sup> Based on the circumstances of this case, we find that it is reasonable to allow the Company's requested update for rate case expenses through April 30, 2016. This adjustment increases the revenue requirement by approximately \$78,153.

<sup>25</sup> Ex. 50 (Myers Direct) at 4, 26-28.

<sup>26</sup> Report at 108-109.

<sup>27</sup> The comprehensive tax study directed herein shall include the specific analyses and items described in Staff witness Myers' prefiled testimony. See Ex. 50 (Myers Direct) at 27-28.

<sup>28</sup> Tr. 676.

<sup>29</sup> Ex. 19 (Moul Direct) at 45.

<sup>30</sup> Ex. 27 (Gorman Direct) at 77-78.

<sup>31</sup> Ex. 21 (Eger Direct) at 4-7.

<sup>32</sup> Ex. 23 (Trimble Direct) at 23.

<sup>33</sup> Ex 35 (Gereaux Direct) at 1-2.

<sup>34</sup> Report at 117.

<sup>35</sup> *Id.*

<sup>36</sup> See, e.g., Ex. 19 (Moul Direct); Ex 35 (Gereaux Direct); Ex. 59 (Moul Rebuttal).

<sup>37</sup> Ex. 43 (Clayton Direct) at 32-33.

<sup>38</sup> Ex. 66 (Akmentins Rebuttal) at 18.

### Rate Design

Virginia-American is seeking approval to equalize the monthly customer charge at \$15.00 for a 5/8-inch meter, and the corresponding monthly initial water allowance provided with the minimum charge at 2,000 gallons per month, in the Alexandria, Hopewell, and Prince William Water Districts.<sup>39</sup> The Company stated that its request represents an initial step in a gradual move towards single tariff pricing.<sup>40</sup> The Commission finds that, given the record in this matter, the Company's proposed rate design, as set forth in the Company's Application, shall be approved.

### Acquisition-Related Costs

On October 30, 2013, the Commission approved the joint petition of Virginia-American and Dale Service Corporation ("Dale Service") for approval of the acquisition of Dale Service by Virginia-American.<sup>41</sup> The Company acquired Dale Service on November 14, 2013.<sup>42</sup> In connection with its acquisition of Dale Service, the Company incurred costs of approximately \$860,000. In the present proceeding, Virginia-American seeks approval to amortize these costs over a ten-year period. The costs primarily relate to: (1) the establishment of an allowance for doubtful accounts; (2) the establishment of a sludge pond reserve; and (3) legal fees and employee expenses.

The Commission finds that the costs primarily associated with the establishment of an allowance for doubtful accounts, approximately \$306,345, and legal fees and employee expenses, approximately \$321,908, are merger-related costs. However, Virginia-American has not demonstrated that benefits accrue to the Company's ratepayers as a result of the merger. Accordingly, these merger-related costs should not be recovered through the Company's cost of service. The Company shall write off these costs from its books, and the Company shall file journal entries and other supporting documents showing compliance with these directives within sixty (60) days of the Commission's Final Order in this case.

Concerning past costs primarily associated with the sludge pond reserve<sup>43</sup> of approximately \$230,069, the Commission finds that these are not merger-related costs but rather are normal utility operating costs for system maintenance. Based on the specific facts and circumstances of this case, the Company may establish a regulatory asset on its books for these costs. If established, the regulatory asset shall have a five-year amortization period beginning from the month following the acquisition of Dale Service. The revenue requirement approved herein includes an annual amortization for the sludge pond regulatory asset in the Prince William Wastewater District.<sup>44</sup>

Accordingly IT IS ORDERED THAT:

(1) The findings and recommendations in the November 29, 2016 Hearing Examiner's Report are adopted in part and denied in part, as set forth herein.

(2) Virginia-American is granted \$5,177,565 in additional annual gross revenues, apportioned among its districts as follows: Alexandria District - \$1,929,388; Eastern District - \$249,583; Hopewell District - \$1,390,545; Prince William Water District - \$473,273; and Prince William Wastewater District - \$1,134,776.

(3) The Company shall refund, with interest: (i) the difference between the interim rates that became effective for service rendered on and after April 1, 2016, and the final rates approved herein. On or before August 31, 2017, the Company shall complete refunds by check or through credits to customer bills, to the extent that such revenues produced by interim rates exceed revenues produced by the rates approved herein.

(4) Refunds, with interest, for current customers may be made by a credit to the customers' accounts and shown on bills. If refunds, with interest, for current customers are made by a credit to the customers' accounts and shown on bills, the bills shall show the refund as a separate item or items.

(5) For former customers, refunds with interest that exceed \$1 shall be made by check mailed to the last known address of such customers.

(6) Virginia-American may retain refunds owed to former customers when such refund amount is less than \$1; however, if refunds owed to former customers in an amount less than \$1 are retained by the Company, the Company will prepare and maintain a list detailing each of the former accounts for which refunds are less than \$1, and in the event such former customers contact the Company and request refunds, such refunds shall be made promptly. All unclaimed refunds shall be handled in accordance with § 55-210.6:2 of the Code of Virginia.

<sup>39</sup> Ex. 18 (Herbert Direct) at 6-7. Virginia-American also proposed reducing the allowance for the Eastern District from 6,000 gallons bi-monthly to 4,000 gallons bi-monthly so that the allowance is the same as the other Districts (*i.e.*, 2,000 gallons per month). For the Prince William Wastewater District, the Company proposed a usage-based rate structure with a minimum charge of \$20.00 per month for a 5/8-inch water meter, which includes a 2,000 gallon allowance, and a consumption charge for all usage over 2,000 gallons per month. *Id.* at 7.

<sup>40</sup> *Id.* at 8-9.

<sup>41</sup> *Joint Petition of Virginia-American Water Company and Dale Service Corporation, For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq.*, Case No. PUE-2013-00050, 2013 S.C.C. Ann. Rept. 409, Order Granting Authority (Oct. 30, 2013).

<sup>42</sup> *See* Ex. 43 (Clayton Direct) at 3.

<sup>43</sup> Ex. 43 (Clayton Direct) Appendix A at 6. These costs primarily reflect reserves from 2000 through 2013 for future sludge pond cleaning.

<sup>44</sup> As a result of the merger in Case No. PUE-2014-00053, Dale Service was added to Virginia-American's service territory and identified as the Prince William Wastewater District. *See Joint Petition of Dale Service Corporation and Virginia-American Water Company, For approval of a change of control pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq. and the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2014-00053, 2014 S.C.C. Ann. Rept. 445, Order Granting Authority (Aug. 27, 2014).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(7) Virginia-American may offset the credit or refund to the extent no dispute exists regarding the outstanding balances of its current customers or customers who are no longer on its system. To the extent the outstanding balances of such customers are disputed, no offset shall be permitted for the disputed portion.

(8) Interest upon the ordered refunds shall be computed from the date payments on monthly bills were due as shown on the bills to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the "Bank prime loan" values published in the Federal Reserve Bulletin of the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three (3) months of the preceding calendar quarter.

(9) On or before October 31, 2017, Virginia-American shall submit to the Divisions of Utility Accounting and Finance and Public Utility Regulation a report showing that all refunds have been made pursuant to this Final Order and itemizing the cost of the refund and accounts charged. The Company shall not recover the interest paid or the expenses incurred in making such refunds from water or wastewater rates and charges subject to the Commission's jurisdiction.

(10) A rate of return on common equity of 9.25%, and a cost of equity range of 8.5% to 9.5% are hereby approved.

**CASE NO. PUE-2015-00097  
JUNE 14, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

**ORDER GRANTING RECONSIDERATION**

On May 24, 2017, the State Corporation Commission ("Commission") issued a Final Order ("Order") in this docket. On June 12, 2017, Westmoreland County, Virginia, and Northumberland County, Virginia, filed a petition for clarification or reconsideration pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally.

**CASE NO. PUE-2015-00097  
JULY 10, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

**ORDER ON RECONSIDERATION**

On October 30, 2015, Virginia-American Water Company ("Virginia-American," or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application"). On May 24, 2017, the Commission issued a Final Order in this docket. On June 12, 2017, pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, Westmoreland County, Virginia, and Northumberland County, Virginia (collectively, "Petitioners"), filed a petition for clarification or reconsideration ("Petition") seeking clarification that the Commission's approval of the Company's rate design in the Final Order did not include the reduction in minimum allowances for the Eastern District or, alternatively, reconsideration by the Commission of its approval of the reduction in minimum allowances for the Eastern District. On June 14, 2017, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and continued the Commission's jurisdiction over this matter.

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

Virginia-American filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code"). In its May 24, 2017 Final Order, the Commission made determinations concerning that Application in accordance with the provisions set forth in Chapter 10 of Title 56 of the Code.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Petitioners assert that rates may only be determined to be just and reasonable if the public utility has met the requirements set forth in § 56-235.2 A of the Code.<sup>1</sup> Section 56-235.2 A of the Code requires a public utility to demonstrate

that such rates, tolls, charges or schedules in the aggregate provide revenues not in excess of the aggregate actual costs incurred by the public utility in serving customers within the jurisdiction of the Commission, including such normalization for nonrecurring costs and annualized adjustments for future costs as the Commission finds reasonably can be predicted to occur during the rate year, and a fair return on the public utility's rate base used to serve those jurisdictional customers, which return shall be calculated in accordance with § 56-585.1 for utilities subject to such section....

In the present proceeding, the Commission approved a \$5,177,565 increase in annual gross revenues for Virginia-American, apportioned among its districts as follows: Alexandria District - \$1,929,388; Eastern District - \$249,583; Hopewell District - \$1,390,545; Prince William Water District - \$473,273; and Prince William Wastewater District - \$1,134,776.<sup>2</sup> This increase was based on a jurisdictional cost of service study developed by the Company which assigned and allocated costs to the districts, determinations made by the Commission concerning costs that were reasonably predicted to occur during the rate year, and the Commission's determination of a fair return on rate base.<sup>3</sup> No party in this proceeding objected to the allocation factors or assignments made in the Company's jurisdictional cost of service study. The rates and charges in the aggregate for the districts, including the Eastern District, have been designed to recover the aggregate actual costs incurred to serve such customers.<sup>4</sup> The Commission's determination is supported by evidence in the record, and we continue to conclude that the revenue increase approved for the Company, including for the Eastern District, does not result in rates, tolls, charges or schedules that produce aggregate revenues that exceed Virginia-American's aggregate actual costs. Therefore, contrary to the Petitioners' assertions, we find that the Company has met the requirements of § 56-235.2 A of the Code.

The Petitioners also assert that Virginia-American has failed to demonstrate that its proposed rates for the Eastern District are just and reasonable as required by § 56-234 of the Code. Section 56-234 of the Code states, in part, that "[i]t shall be the duty of every public utility to furnish reasonably adequate service and facilities at reasonable and just rates...." The Petitioners suggest that without a consolidated cost of service study, Virginia-American's proposed rates for the Eastern District cannot be considered to be just and reasonable.<sup>5</sup> We disagree. As Staff notes in its testimony in this proceeding, "there is no one scientifically correct method of allocating costs."<sup>6</sup> As we have previously stated, "cost of service is but one rate design standard."<sup>7</sup> In determining rate design the Commission is not required to apply a consolidated cost of service study, but may consider other factors such as the criteria listed in Staff's testimony and, specifically in this case, the goal of gradual movement towards single tariff pricing.<sup>8</sup> After considering all of the evidence in the case, including the evidence submitted by the Petitioners, we determined in the Final Order that the Company provided adequate evidence to support that its proposed reduction in minimum allowances for the Eastern District appropriately recovers the Company's actual costs and results in just and reasonable rates.<sup>9</sup> The Commission's determination is supported by evidence in the record, and we continue to conclude that the rate design approved in the Final Order is just and reasonable.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration of the May 24, 2017 Final Order is denied.
- (2) The suspension of the May 24, 2017 Final Order is hereby lifted, and the May 24, 2017 Final Order is hereby reinstated.
- (3) This matter is dismissed.

<sup>1</sup> Petition at 4-5.

<sup>2</sup> Final Order at 11-12.

<sup>3</sup> See, e.g., Ex. 2 (Application) at Schedule 40; Ex. 37 (Welsh Direct) at 13 (stating, "The Rate Year Analysis is typically used to evaluate the need for a rate increase or decrease. The analysis begins with test year, per books cost of service, which is then adjusted to reflect revenue, expense, and rate base items that can be reasonably predicted to occur during the Rate Year.").

<sup>4</sup> See, e.g., Ex. 18 (Herbert Direct) at 6-7; Ex. 2 (Application) at Schedules 21, 40-42; Ex.37 (Welsh Direct). Accordingly, the rates proposed in the Application will be modified by the Company consistent with the Commission's findings in the May 24, 2017 Final Order.

<sup>5</sup> Petition at 5-6.

<sup>6</sup> Ex. 26 (Tufaro Direct) at 3.

<sup>7</sup> *Application of Washington Gas Light Company, For an increase in rates*, Case No. 19992, Order (May 22, 1978). See also *Westvaco Corporation v. Columbia Gas of Virginia, Inc.*, 230 Va. 451, 454 (1986) (stating, "cost is only one of the factors to be considered in allocating rate increases and that cost is not always a critical factor....").

<sup>8</sup> See, e.g., Ex. 26 (Tufaro Direct) at 6-7; Ex. 18 (Herbert Direct) at 8-9; Final Order at 9-10.

<sup>9</sup> See, e.g., Ex. 2 (Application) at 4-5; Ex. 18 (Herbert Direct) at 6-12; Ex. 57 (Herbert Rebuttal) at 2-6.

**CASE NO. PUE-2015-00107  
APRIL 6, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation

**INTERIM ORDER**

On November 6, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity for the proposed Haymarket 230 kilovolt ("kV") double circuit transmission line and 230-34.5 kV Haymarket Substation. Dominion Virginia Power filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.*

Through its Application, the Company proposes to construct, in Prince William County, a new 230-34.5 kV Haymarket Substation; convert its existing 115 kV Gainesville-Loudoun Line #124, located in Prince William and Loudoun Counties, to 230 kV operation ("Line #124 conversion"); and construct in Prince William County and the Town of Haymarket a new approximately 5.1 mile overhead 230 kV double circuit transmission line from a tap point approximately 0.5 mile north of the Company's existing Gainesville Substation on the Line #124 conversion to the new Haymarket Substation (the "Haymarket Loop").<sup>1</sup> The Line #124 conversion, the Haymarket Loop and Haymarket Substation are referred to herein as the "Project."

The Company states in its Application that the Project is necessary to provide service to a new data center campus in Prince William County and maintain reliable electric service to its customers in the area in accordance with mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards for transmission facilities and the Company's transmission planning criteria.<sup>2</sup> The proposed in-service date for the Project is June 1, 2018.<sup>3</sup>

The Company would need to construct the proposed Haymarket Loop on new right-of-way.<sup>4</sup> Therefore, Dominion Virginia Power has identified a proposed route ("I-66 Overhead Route"), as well as four alternative routes, for the Commission's consideration.<sup>5</sup> The Company estimates that it will take 12 months to construct the proposed Project and 12 months for engineering, material procurement, and construction permitting.<sup>6</sup> Dominion Virginia Power estimates the cost of the proposed Project to be approximately \$50.9 million.<sup>7</sup>

The Commission issued an Order for Notice and Hearing in this proceeding that, among other things, docketed the case; established a procedural schedule; provided the opportunity for any interested person to comment or participate in this proceeding as a respondent; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits; provided the opportunity for the Company to file rebuttal testimony and exhibits; scheduled hearings for the receipt of public comment and evidence on the Application; and assigned a Hearing Examiner to conduct all further proceedings in this case.

The following parties filed notices of participation in this proceeding: Southview 66, LLC ("Southview"); FST Properties, LLC ("FST"); Somerset Crossing Home Owners Association, Inc. ("Somerset"); the Coalition to Protect Prince William County ("Coalition"); Old Dominion Electric Cooperative; Heritage Hunt HT, LLC, Heritage Hunt Commercial, LLC, Heritage Hunt Retail, LLC, Heritage Hunt Office Condominium, LLC, Heritage Sport & Health, LLC, RBS Holdings, LLC, and BKM at Heritage Hunt, LLC (collectively, "Heritage Hunt"); and Prince William County Board of Supervisors. Heritage Hunt and Prince William County Board of Supervisors subsequently withdrew their notices of participation.

The Commission received written and electronic comments on this matter. In addition, the Commission received oral comments relating to this matter. Specifically, the Hearing Examiner convened local public hearings on February 24, 2016, March 14, 2016, May 2, 2016, and May 10, 2016. At these hearings, over 150 public witnesses testified on the Application. On June 21-22, 2016, the Hearing Examiner convened a public hearing for the purpose of receiving evidence on the Application offered by the Company, respondents, and the Staff. The Hearing Examiner heard further public comment at this hearing as well.

As noted in the Order for Notice and Hearing, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review. On January 21, 2016, DEQ filed its report on the Project ("DEQ Report") with the Commission.<sup>8</sup> The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law.

<sup>1</sup> Ex. 3 (Application) at 2.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 2-3.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 3. The four alternative routes are the I-66 Hybrid Route (a partially underground route), the Railroad Route, the Carver Road Route, and the Madison Route. Ex. 3 (Appendix) at 31-34.

<sup>6</sup> Ex. 3 (Application) at 3; Ex. 3 (Appendix) at 27.

<sup>7</sup> Ex. 3 (Application) at 3; Ex. 3 (Appendix) at 28; *see also* Ex. 19 (Joshipura Direct) at 16.

<sup>8</sup> Ex. 27 (DEQ Report).

Specifically, the DEQ Report contains the following summary of recommendations. The Company should:

- Conduct an on-site delineation of wetlands and streams within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation for updates to the Biotics Data System database (if the scope of the Project changes or six months passes before the Project is implemented);
- Coordinate with the U.S. Fish and Wildlife Service and Department to ensure compliance with federal guidelines for the protection of the northern long-eared bat;
- Coordinate with the Department of Game and Inland Fisheries regarding its general recommendations to protect wildlife resources;
- Coordinate with the Department of Historic Resources regarding recommendations to conduct comprehensive architectural and archaeological surveys to evaluate identified resources for listing in the Virginia Landmarks Register ("VLR") and National Register of Historic Places ("NRHP"); and to avoid, minimize, or mitigate for adverse impacts to VLR- and NRHP-eligible resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation to consider alternatives of less visual impact to avoid or minimize any adverse impacts to open space properties (*e.g.*, Bull Run Mountain Natural Area Preserve) and their public values;
- Coordinate with Prince William County in its discussion with the Virginia Department of Transportation ("VDOT") on an I-66 Hybrid that includes the installation of buried transmission lines;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>9</sup>

On May 10, 2016, FST, Southview, and Somerset filed respondent testimony in this proceeding.<sup>10</sup> On June 2, 2016, the Staff filed testimony and exhibits summarizing the results of its investigation.<sup>11</sup> The Staff concluded that Dominion Virginia Power had reasonably demonstrated the need for the Project.<sup>12</sup> The Staff also made certain recommendations regarding routing.<sup>13</sup> On June 9, 2016, Dominion Virginia Power filed the rebuttal testimony of its witnesses. Among other things, the Company represented in its rebuttal testimony that it would comply with the DEQ's summary of recommendations in this proceeding and would coordinate with agencies as appropriate.<sup>14</sup>

At the conclusion of the hearing held June 21-22, 2016, the Hearing Examiner afforded the Staff and all participants in this case the opportunity to file post-hearing briefs. On August 5, 2016, the Company, FST, Somerset, Southview, the Coalition and the Staff filed post-hearing briefs.

On November 15, 2016, the Hearing Examiner issued the Report of Glenn P. Richardson, Hearing Examiner. Therein the Hearing Examiner, among other things, summarized the record in this case and made certain findings and recommendations. In particular, the Hearing Examiner found:

- The Project is needed so Dominion Virginia Power can continue to provide reasonably adequate service to its customers at reasonable and just rates;
- The Carver Road Route reasonably minimizes the Project's impact on the environment, scenic assets, and historic resources;
- The Project utilizes existing right-of-way to the maximum extent practicable;

<sup>9</sup> *Id.* at 6-7. The Office of Wetlands and Stream Protection ("OSWP") revised its recommendation in a letter dated June 2, 2016, included in Exhibit 27.

<sup>10</sup> Somerset filed amendments to its pre-filed testimony on May 12, 2016. Heritage Hunt also filed testimony on May 10, 2016, but, as noted previously, subsequently withdrew its notice of participation in this case. Heritage Hunt's testimony was thus not entered into the record at the hearing.

<sup>11</sup> Ex. 17 (McCoy Direct); Ex. 19 (Joshiyura Direct).

<sup>12</sup> Ex. 19 (Joshiyura Direct) at 5-8, 22.

<sup>13</sup> Ex. 17 (McCoy Direct) MAE Report at 21-22.

<sup>14</sup> Ex. 45 (Faison Rebuttal) at 2. Dominion Virginia Power stated specifically that the Company would continue to make an effort during the engineering phase of the Project to design and site new structures in the least impacting locations and to reasonably minimize the removal of vegetation, while also meeting clearance requirements established by NERC, the Federal Energy Regulatory Commission, and the National Electrical Safety Code. The Company stated that it has selected the use of galvanized steel along the I-66 corridor, which the Company stated is designed to minimize visual impacts by blending against the sky and dulls naturally over time. The Company further stated that after a route is selected by the Commission, the Company is willing to include Prince William County in future meetings with VDOT to discuss permitting and construction details. *See, id.* at 3-4.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- There are no adverse environmental impacts that would preclude the construction and operation of the Project;
- There are no adverse public health or safety issues associated with the Project;
- The Project will have a positive impact on the economy in Prince William County and the Town of Haymarket by allowing Dominion Virginia Power to provide service to a new data center, thereby generating significant tax revenues for Prince William County, and by allowing current and future residential, commercial, and industrial development to continue unimpeded in the area;
- The Project will improve Dominion Virginia Power's system reliability in the area;
- The Commission should condition approval of Dominion Virginia Power's Application on the Company's compliance with the Summary of General Recommendations contained in the DEQ Report;
- The Commission should not condition approval of Dominion Virginia Power's Application on the Alternative Recommendations contained in the DEQ Report, wherein DEQ's OWSP, the Virginia Department of Historic Resources, and Prince William County recommended underground construction of the proposed transmission line; and
- A certificate of public convenience and necessity should be issued for the Company to construct and operate the Project.<sup>15</sup>

On December 6, 2016, Dominion Virginia Power, Somerset, the Coalition, Southview, and the Staff filed comments on the Hearing Examiner's Report.<sup>16</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require the Company to convert its existing 115 kV Gainesville-Loudoun Line #124, located in Prince William and Loudoun Counties, to 230 kV; construct a new 230-34.5 kV substation in Prince William County; and construct a new 230 kV double circuit transmission line. The Commission further finds that a certificate of public convenience and necessity should be issued authorizing the Project as set forth herein.

Initially, the Commission emphasizes, as we have before, that we are cognizant of the importance of this case to the many people who will be impacted by the proposed Project:

The Commission takes seriously its responsibility, under the Code of Virginia, to determine whether the public convenience and necessity require the construction of transmission lines in the Commonwealth. This is one of the most important responsibilities that the General Assembly has entrusted to the Commission because of the many impacts from constructing – or from not constructing – transmission lines. Ultimately, the Commission must base its decision on the law as applied to the factual record of the case.<sup>17</sup>

As explained in the Hearing Examiner's Report, in fulfilling this responsibility the Commission has developed a comprehensive record resulting from, among other things, multiple local public hearings, written and electronic comments, evidentiary testimony, and multiple rounds of pleadings.

Although it is legally presumed, the Commission reiterates that it has fully considered all of the evidence presented in this record and, thus, is not unmindful of the impacts that will result from the proposed Project.<sup>18</sup> Thus, in performing our statutory responsibilities, the Commission has endeavored to weigh reasonably and carefully the competing evidence and arguments presented in this record. As we have recognized in particular for transmission line cases: "Given all the competing considerations and tradeoffs that must be considered, the Commission weighs carefully the relevant expected impacts of alternatives before ruling on a public utility's request for a certificate of public convenience and necessity to construct a transmission facility."<sup>19</sup>

#### Code

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

<sup>15</sup> Hearing Examiner's Report at 79-80.

<sup>16</sup> Additional comments were also filed in response to the Hearing Examiner's Report. However, in compliance with Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, the Commission has only considered comments on the Hearing Examiner's Report filed by the Staff and formal parties to this proceeding.

<sup>17</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station*, Case No. PUE-2012-00029, 2013 S.C.C. Ann. Rep. 240, 244, Order (Nov. 26, 2013) ("Skiffes Order"), *aff'd in part, rev'd in part, BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 770 S.E.2d 458 (2015).

<sup>18</sup> *See, e.g., Bd. of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454, 790 S.E.2d 460, 465 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.").

<sup>19</sup> Skiffes Order at 245.

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides, in part, that:

As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned. . . . In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation. . . . Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

The Code requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Need

The Commission finds that the proposed Project is needed.<sup>20</sup> It is uncontested that a retail customer of the Company is driving the identified need for this Project. The Project has thus been designated and approved as a "Supplemental Project" by the PJM Interconnection, Inc. ("PJM"), because it is necessary to address Dominion Virginia Power's local transmission needs.<sup>21</sup> The Project is necessary for the Company to comply with mandatory NERC Reliability Standards and the Company's planning criteria.<sup>22</sup> Further, the proposed Project will permit the Company to maintain reliable electric service to its other customers and support overall growth in the area.<sup>23</sup>

#### Routing and Rights-of-Way

As explained by the Supreme Court of Virginia, in order to approve a route that satisfies the statute, the Commission must evaluate the evidence and balance a multitude of factors:

The adverse impacts of a proposed project are not to be considered in a vacuum. When presented with an application for transmission line construction, the Commission must "balance" adverse impacts along with other "factors" and "traditional considerations." *Board of Supervisors*, 216 Va. at 100, 215 S.E.2d at 923-24. Then the Commission, "as a tribunal informed by experience," *Appalachian Voices*, 277 Va. at 516, 675 S.E.2d at 461 (citation and internal quotation marks omitted), must decide within the parameters of the statute what best serves the "total public interest." *Board of Supervisors*, 216 Va. at 104, 215 S.E.2d at 926. We conclude that the use of the word "reasonably" demonstrates the General Assembly's recognition of the multifactorial balancing that goes into such an investigation . . . .<sup>24</sup>

That is what we have done here. The Commission is acutely aware that placing a project in a particular location involves impacts but also avoids impacts associated with a different location. After considering the alternatives and weighing the multitude of factors presented in this record, the Commission concludes that there is evidence in the record to support the routes as approved below, including but not limited to the finding that such routes "reasonably minimize adverse impact" as required by statute. Again, as explained by the Court:

... "reasonably minimiz[ing] adverse impact[s]" involves weighing a multitude of factors. Code § 56-46.1(B) (emphasis added). In this case, the record shows that the Commission considered, in light of these factors, numerous alternatives...

<sup>20</sup> See, e.g., Ex. 3 (Appendix) at 1-4; Ex. 4 (Gill Direct) at 8-10; Ex. 19 (Joshapura Direct) at 5-8, 22; Ex. 6 (Potter Direct) at 3-4; Ex. 28 (Gill Rebuttal) at 14-15; Ex. 39 (Potter Rebuttal) at 6-7; Tr. at 109-114, 233-234, 432-434, 461-469; Dominion Virginia Power's Post-Hearing Brief at 11-19.

<sup>21</sup> See, e.g., Tr. at 109-114; Ex. 28 (Gill Rebuttal) at 14-15; Ex. 47 (Payne Rebuttal) at 2; Ex. 19 (Joshapura Direct) at 18. As Company witness Gill explained, "(1) Baseline upgrades are those that resolve a system reliability criteria violation which can be planning criteria from PJM, NERC, ReliabilityFirst, or transmission owners; (2) Network upgrades are new or upgraded facilities required primarily to eliminate reliability criteria violations caused by proposed generation, merchant transmission, or long term firm transmission service requests; and (3) Supplemental projects are projects initiated by the transmission owner to satisfy local transmission owner criteria." Ex. 28 (Gill Rebuttal) at 14-15.

<sup>22</sup> See, e.g., Ex. 3 (Application) at 1-2; Ex. 3 (Appendix) at 1; Ex. 4 (Gill Direct) at 2; Ex. 19 (Joshapura Direct) at 6-7; Tr. at 112-114; Dominion Virginia Power's Post-Hearing Brief at 11-12, 16-19.

<sup>23</sup> See, e.g., Ex. 3 (Application) at 1-2; Ex. 3 (Appendix) at 1; Ex. 4 (Gill Direct) at 2; Dominion Virginia Power's Post-Hearing Brief at 11, 14-16.

<sup>24</sup> *BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 394-95, 770 S.E.2d 458, 468-69 (2015).



... As the Commission observed, "[p]lacing a project in a particular location involves impacts but also avoids impacts associated with a different location."<sup>25</sup>

Moreover, the Court has recently explained that – under Code § 56-46.1 B – the Commission cannot approve a route "by default" but, rather, must affirmatively "'determine' that the [route] reasonably minimizes adverse impacts" as a result of "investigation or reasoning."<sup>26</sup> Again, that is what we have done here. Specifically, upon consideration of the extensive record developed in this proceeding, the Commission finds that both the Railroad Route and the Carver Road Route meet the statutory criteria in this case.

The Commission concludes that the Railroad Route "will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."<sup>27</sup> The estimated cost of constructing the Railroad Route is reasonable and no participant challenged that the Railroad Route could be constructed in time to meet the identified need.<sup>28</sup> The Railroad Route (as its name implies) was developed to maximize the use of existing railroad right-of-way and, further, reasonably utilizes road collocation opportunities.<sup>29</sup> While recognizing the adverse impacts of this route, including on wetlands and to the Town of Haymarket, the Commission finds that the Railroad Route will have significantly fewer impacts to local residences.<sup>30</sup> For example, the Railroad Route is the only route that impacts zero residences within 200 feet of the centerline, and it also impacts significantly fewer residences within 500 feet of the centerline compared to the I-66 Overhead Route.<sup>31</sup> Moreover, the heavily wooded area along this route will provide screening, aiding to minimize remaining visual impacts of the line.<sup>32</sup>

The Commission also concludes that the Carver Road Route "will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."<sup>33</sup> The cost of the Carver Road Route is reasonable and no one contests that the Carver Road Route can be built in time to meet the need.<sup>34</sup> The Carver Road Route crosses no permanently protected open space or other conservation easements.<sup>35</sup> The Carver Road Route also contains no architectural resources within the right-of-way.<sup>36</sup> Like the Railroad Route, the Commission recognizes that there are adverse impacts associated with this route; many of the comments filed in response to the Hearing Examiner's Report focused on the adverse impacts of the Carver Road Route, and the Commission has considered these matters. The Commission, however, finds it significant that (after the Railroad Route) the Carver Road Route has the least amount of residences within 200 feet of the line, and it also impacts significantly fewer residences within 500 feet of the centerline compared to the I-66 Overhead Route.<sup>37</sup> The Carver Road Route was also designed specifically to avoid crossing through certain residential areas and reasonably collocates with existing infrastructure.<sup>38</sup> As such, the Carver Road Route avoids permanent impacts to the highest concentration of residents in the vicinity of I-66.<sup>39</sup>

Next, the Commission further concludes that, between the two routes meeting the statutory criteria, the Railroad Route is preferable because it has a lesser impact on local residences at a cost that is comparable to (and, as noted below, actually \$7 million less than) the Carver Road Route. Dominion

<sup>25</sup> *Id.* 289 Va. at 400-02, 770 S.E.2d at 472-73. Moreover, we find that the Company has adequately considered existing rights-of-way as required by statute. *See, e.g.*, Ex. 3 (Appendix) at 35-36, 44, 47-48; Ex. 10 (Thommes Direct) at 5-7; Tr. at 214, 600; Dominion Virginia Power's Post-Hearing Brief at 23.

<sup>26</sup> *BASF Corp.*, 289 Va. at 392-93, 770 S.E.2d at 467 (disagreeing with the appellant's claim that the Commission chose its route "by default" and explaining that, as required by statute, the Commission made its determination as a result of "investigation or reasoning").

<sup>27</sup> *See, e.g.*, Ex. 3 (Appendix) at 72; Ex. 10 (NRG Environmental Routing Study) at 60-65 (Table 4-1), 87; Ex. 10 (Thommes Direct) at 9-10; Ex. 17 (McCoy Direct) at Appendix V; Ex. 48 (Berkin Rebuttal) at 8-9; Tr. at 599-601, 619-623; Dominion Virginia Power's Post-Hearing Brief at 46-48.

<sup>28</sup> *See, e.g.*, Ex. 10 (Thommes Direct) at 9; Ex. 19 (Joshapura Direct) at 16; Dominion Virginia Power's Post-Hearing Brief at 47.

<sup>29</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 64 (Table 4-1); Ex. 3 (Appendix) at 33, 93; Ex. 10 (Thommes Direct) at 9; Tr. at 214, 599-600, 621-622.

<sup>30</sup> *See, e.g.*, Ex. 3 (Appendix) at 72; Ex. 10 (NRG Environmental Routing Study) at 60-65 (Table 4-1), 87; Ex. 17 (McCoy Direct) MAE Report at 14-15, Appendix V (Impact Spreadsheet); Ex. 48 (Berkin Rebuttal) at 8-9; Tr. at 599, 619-623.

<sup>31</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 61-62 (Table 4-1), 87; Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet); Ex. 48 (Berkin Rebuttal) at 8-9.

<sup>32</sup> *See, e.g.*, Tr. at 599, 619-623.

<sup>33</sup> *See, e.g.*, Ex. 3 (Appendix) at 71; Ex. 10 (NRG Environmental Routing Study) at 60-65 (Table 4-1), 86; Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet).

<sup>34</sup> *See, e.g.*, Ex. 19 (Joshapura Direct) at 16; Dominion Virginia Power's Post-Hearing Brief at 46, 49; Dominion Virginia Power's Comments on Hearing Examiner's Report at 26.

<sup>35</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 63 (Table 4-1), 86; Ex. 17 (McCoy Direct) MAE Report at 21, Appendix V (Impact Spreadsheet).

<sup>36</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 63 (Table 4-1), 86; Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet).

<sup>37</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 61-62 (Table 4-1); Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet).

<sup>38</sup> *See, e.g.*, Ex. 3 (Appendix) at 31-32; Ex. 10 (NRG Environmental Routing Study) at 64-65 (Table 4-1); Ex. 10 (Thommes Direct) at 8; Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet); Dominion Virginia Power's Post-Hearing Brief at 48-49.

<sup>39</sup> *See, e.g.*, Ex. 10 (NRG Environmental Routing Study) at 61 (Table 4-1); Ex. 17 (McCoy Direct) at Appendix V (Impact Spreadsheet); Hearing Examiner's Report at 77-78.

Virginia Power asserted throughout this proceeding that, early in the routing process, the Company selected the Railroad Route as the preferred route to meet the need and to reasonably minimize adverse impact.<sup>40</sup> However, the Company did not choose this route as the preferred alternative because:

[T]he Prince William County Board of County Supervisors voted to approve the conveyance of a property interest by the property owner, a Home Owners' Association [] to Prince William County, rendering this alternative unable to be built without agreement by the County. The County has indicated to the Company that it will not permit an overhead transmission line to be constructed across its open space easement property interest as would be required for this routing alternative.<sup>41</sup>

The Company still included the Railroad Route in its Application, in the event agreement with Prince William County could be reached.<sup>42</sup> As such, the Railroad Route was properly noticed and evidence thereon received into the record.<sup>43</sup>

In order to implement the Railroad Route, the Commission herein directs Dominion Virginia Power to request Prince William County to take the actions necessary to remove any legal constraints blocking construction of the Railroad Route. Within 60 days<sup>44</sup> from the date of this Interim Order, the Company shall file in this docket written confirmation that any legal constraints blocking construction of the Railroad Route have been removed or, in the alternative, notice that construction of the Railroad Route is not possible due to the legal inability to procure necessary rights-of-way.

If Prince William County does not grant Dominion Virginia Power's requests to permit construction of the Railroad Route, we necessarily find that such route is unfeasible. As such, the proposed Project would need to be constructed along the Carver Road Route, which we also have found meets the statutory requirements.<sup>45</sup>

The Commission further finds that the Railroad and Carver Road Routes are preferable to the I-66 Overhead Route. The record in this case establishes that the I-66 Overhead Route would impact a significantly greater number of residences within 100, 200, and 500 feet of the line.<sup>46</sup> In short, given the high concentration of residents along this route, we find that the I-66 Overhead Route is not the best alternative when compared to the Railroad and Carver Road Routes.

Finally, the Commission finds that the routes approved above are preferable to the I-66 Hybrid Route, which places approximately 3.2 miles of the line underground.<sup>47</sup> The proposed I-66 Hybrid Route would cost \$167 million, which the Company further asserts is likely understated.<sup>48</sup> In comparison, the Railroad Route (\$55 million) and Carver Road Route (\$62 million) cost roughly one-third (33% and 37%, respectively) of that amount.<sup>49</sup> The Commission has weighed the positive impacts of the I-66 Hybrid Route, including but not limited to the impact on residential viewsheds.<sup>50</sup> We find that the significantly greater cost for construction of the I-66 Hybrid Route is not justified by the record in this case.

The Commission further notes that, among other things, while the Railroad Route and Carver Road Route affect more acreage of wetlands, the I-66 Hybrid Route would be more intrusive to wetlands than an overhead route. Specifically, the I-66 Hybrid Route would require trenching and soil excavation within the wetlands to construct the concrete duct banks necessary to underground the line.<sup>51</sup> According to Company's environmental consultant, this trenching and soil excavation could disrupt wetland hydrology, disturb seed banks, and temporarily change wetland function.<sup>52</sup> In contrast, when constructing an overhead route, the Company has flexibility as to where to locate the towers and can span the line over wetlands rather than trench through them.<sup>53</sup>

<sup>40</sup> See, e.g., Ex. 3 (Appendix) at 47-48; Ex. 10 (Thommes Direct) at 9-10; Tr. at 601, 619.

<sup>41</sup> Ex. 10 (Thommes Direct) at 9-10. See also, e.g., Ex. 10 (NRG Environmental Routing Study) at 26; Ex. 3 (Appendix) at 50-51; Ex. 45 (Faison Rebuttal) at 7-9, Rebuttal Schedule 6; Tr. at 599-600, 619.

<sup>42</sup> See, e.g., Ex. 10 (Thommes Direct) at 10; Ex. 48 (Berkin Rebuttal) at 8.

<sup>43</sup> Ex. 2 (Proof of Notice).

<sup>44</sup> Reasonable extensions of this deadline shall be considered if necessary to complete the removal of legal obstacles to the Railroad Route.

<sup>45</sup> We recognize that the Carver Road Route crosses a small portion of a parcel dedicated to Prince William County to build an extension to Somerset Crossing Drive. Should the Company build the Project along the Carver Road Route, we grant the necessary routing variance proposed by the Company to avoid the County-dedicated parcel if the Company is unable to obtain an easement from Prince William County within a reasonable time. See, e.g., Ex. 10 (NRG Environmental Routing Study) at 8; Dominion Virginia Power's Comments on Hearing Examiner's Report at 25.

<sup>46</sup> See, e.g., Ex. 10 (NRG Environmental Routing Study) at 61.

<sup>47</sup> See, e.g., Ex. 3 (Appendix) at 16-17; Ex. 17 (McCoy Direct) MAE Report at 3.

<sup>48</sup> See, e.g., Ex. 19 (Joshapura Direct) at 16; Ex. 46 (Koonce Rebuttal) at 3-5.

<sup>49</sup> See, e.g., Ex. 19 (Joshapura Direct) at 16.

<sup>50</sup> See, e.g., Ex. 17 (McCoy Direct) MAE Report at 6-7, 13, Appendix V (Impact Spreadsheet).

<sup>51</sup> See, e.g., Ex. 48 (Berkin Rebuttal) at 4; Dominion Virginia Power's Post-Hearing Brief at 43.

<sup>52</sup> *Id.*; see also, e.g., Tr. at 190-191.

<sup>53</sup> See, e.g., Ex. 48 (Berkin Rebuttal) at 4; Ex. 17 (McCoy Direct) MAE Report at 10; Dominion Virginia Power's Post-Hearing Brief at 43-44.

The I-66 Hybrid Route also would not significantly alleviate impacts to historic resources compared to other routes. As testified by the Staff, "some of the battlefield [impacts] are really the same with overhead and hybrid [routes]...."<sup>54</sup> These battlefields, according to the record, are already encumbered by modern development.<sup>55</sup> The I-66 Hybrid Route also may have a slightly greater impact on archeological sites, because construction would likely require trenching through a small portion of an archeological site.<sup>56</sup>

The record reflects that the I-66 Hybrid Route would be more difficult to construct than any of the alternative routes considered, more difficult to construct than originally anticipated, and likely subject to the delays that are often attendant to constructing underground transmission lines.<sup>57</sup> Code § 56-46.1 A (b) also requires the Commission to consider, among other things, "any improvements in service reliability that may result from the construction of such facility." In this regard, if routed underground along the I-66 Hybrid Route, the Company's evidence reflects that an underground line in this instance would not improve service reliability compared to overhead construction.<sup>58</sup>

Consistent with the requirements of the Code, we have considered the comments, resolutions, and statements of all participants and public witnesses in this case, including Prince William County's assertion that the I-66 Hybrid Route is the only alignment consistent with the County's Comprehensive Plan.<sup>59</sup> When considered as a whole, however, the Commission finds that the record does not justify construction of the proposed transmission line along the I-66 Hybrid Route compared to the two overhead alternatives that we find meet the statutory requirements. The Commission finds that the costs and adverse impacts attendant to the I-66 Hybrid Route are neither reasonable nor in the public interest.

The Code also requires the Commission to consider "the effect of the proposed facility on economic development within the Commonwealth" and, upon request, "the costs and economic benefits likely to result from requiring the underground placement of the line," which we have done.<sup>60</sup> There is evidence in the record on positive, and negative, economic impacts of undergrounding the transmission line. For example, the I-66 Hybrid Route would affect economic development along I-66 by, among other things, preventing planned development of the Southview parcel adjacent to I-66 due to the placement of a transition station, eliminating plans for a hotel on Southview's Parcel 2, and negatively affecting plans for retail space planned along I-66; the impacts to development from the Railroad and Carver Road Routes are not as severe.<sup>61</sup> In short, we find that the potential benefits of the underground route do not overcome the significant additional costs, impacts, and other attendant risks associated therewith.

Further, our rejection of the I-66 Hybrid Route is not dependent upon issues related to cost recovery. Specifically, some of the participants asserted that certain costs of the proposed Project should be directly assigned to the retail customer creating the current need for this transmission line.<sup>62</sup> The Commission notes, however, that its comparison of the proposed routes for purposes of applying the statutory criteria for transmission line approval is separate from subsequent questions regarding cost allocation and rate design – which may change over time – applicable to the ultimate recovery of transmission costs from retail rate classes.<sup>63</sup>

After applying the statutory requirements and weighing the competing factors, the Commission finds that the I-66 Hybrid Route is not the preferable route and does not best serve the overall public interest.

<sup>54</sup> Tr. at 193. *See also, e.g.*, Ex. 48 (Berkin Rebuttal) at 10-14, 18; Dominion Virginia Power's Post-Hearing Brief at 42-43.

<sup>55</sup> *See, e.g.*, Tr. at 194-195; Ex. 17 (McCoy Direct) MAE Report at 8; Ex. 48 (Berkin Rebuttal) at 11-14, 18; Ex. 10 (NRG Environmental Routing Study) at 74, 78-79; Dominion Virginia Power's Post-Hearing Brief at 42.

<sup>56</sup> *See, e.g.*, Ex. 17 (McCoy Direct) MAE Report at 14; Ex. 48 (Berkin Rebuttal) at 11, 18; Dominion Virginia Power's Post-Hearing Brief at 42.

<sup>57</sup> *See, e.g.*, Ex. 46 (Koonce Rebuttal) at 3-9, Rebuttal Schedule 1, Rebuttal Schedule 2; Ex. 17 (McCoy Direct) MAE Report at 6, 20; Tr. at 561; Dominion Virginia Power's Post-Hearing Brief at 37-40.

<sup>58</sup> *See, e.g.*, Ex. 46 (Koonce Rebuttal) at 10-13; Tr. at 520-522, 548-550; Dominion Virginia Power's Post-Hearing Brief at 31-34.

<sup>59</sup> The Commission has indeed considered Prince William County's Comprehensive Plan as required by statute. *See, e.g.*, Ex. 16 (Napoli Direct) at JN-3, JN-4; Ex. 48 (Berkin Rebuttal) at Rebuttal Schedule 2; Comments on Behalf of Prince William County Board of Supervisors dated June 17, 2016, Attachment A. The Commission has included such consideration in our analysis of the proposed alternatives and, ultimately, our approval of the Railroad and Carver Road Routes. Further, as discussed by the Hearing Examiner, because Prince William County has no designated transmission corridor that could be used to serve the customer's new data center, "the Haymarket transmission line must, by necessity, depart from the designated corridors set forth in Prince William County's Comprehensive Plan." Hearing Examiner's Report at 74-75; Tr. 352-353.

<sup>60</sup> Code § 56-46.1 A (a) and B (a).

<sup>61</sup> *See, e.g.*, Ex. 43 (Velazquez Rebuttal) at 2-3; Ex. 11 (Fuccillo Direct) at 3; Ex. 48 (Berkin Rebuttal) at 17-18; Tr. at 136, 143; Southview's Post-Hearing Brief at 3-4.

<sup>62</sup> *See, e.g.*, Staff's Post-Hearing Brief at 7-19; Coalition's Post-Hearing Brief at 2, 6-13; Staff's Comments on Hearing Examiner's Report at 4-8; Somerset's Comments on Hearing Examiner's Report at 2-3; Coalition's Comments on Hearing Examiner's Report at 3-4, 13-23.

<sup>63</sup> Since the I-66 Hybrid Route (and its attendant \$167 million price tag) was not selected herein, the cost of the Project as approved does not qualify for direct assignment of any costs (to the retail customer for which the line is currently being constructed) under the Company's line extension policy (Section XXII Electric Line Extensions and Installations) on file with the Commission. *See, e.g.*, Ex. 19 (Joshipura Direct) at 20-21; Staff's Post-Hearing Brief at 9. Even if this route was selected, however, the Commission agrees with the Hearing Examiner's conclusion that Section XXII of the Company's retail tariff applies to distribution, not transmission, facilities. Hearing Examiner's Report at 69-73.

### Economic Development

We find that the proposed Project will promote economic development in the Commonwealth of Virginia, including the Haymarket area, by serving the customer's planned data center.<sup>64</sup> Tax revenues associated with the proposed data center will likely have a significant positive impact on Prince William County.<sup>65</sup>

In addition, because the decision herein does not directly assign costs of the transmission line to the retail customer requesting data center service, the Commission need not address the potential impact on economic development related to any direct assignment of such costs. For example, the Virginia Chamber of Commerce and the Northern Virginia Technology Council ("NVTC") expressed economic development concerns if the Commonwealth of Virginia were to adopt a new policy that directly assigned transmission costs to new business customers requesting service.<sup>66</sup> According to NVTC, in such instance: "Virginia would very quickly lose its competitiveness in attracting new data center jobs and investment and see impairment to its pro business preparation."<sup>67</sup>

### Environmental Impact

Pursuant to Code § 56-46.1 A and B, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the route approved in this case reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report. Company Witness Faison asserted that the Company agrees with the recommendations included in the DEQ Report, has no issues or objections to the permit requirements described in the DEQ Report, and fully intends to comply with all applicable federal, state, and local laws.<sup>68</sup> We find that, as a condition to our approval herein, Dominion Virginia Power must comply with DEQ's recommendations as provided in the DEQ Report.<sup>69</sup> Further, Dominion Virginia Power must obtain all necessary environmental permits and approvals that are needed to construct and operate the proposed Project.

Accordingly, IT IS ORDERED THAT:

- (1) Within sixty (60) days from the date of this Interim Order, the Company shall file in this docket written confirmation that any legal constraints blocking construction of the Railroad Route have been removed or, in the alternative, notice that construction of the Railroad Route is not possible due to the legal inability to procure necessary rights-of-way.
- (2) This matter is continued pending further order of the Commission after receipt of the filing directed in Ordering Paragraph (1).

<sup>64</sup> See, e.g., Ex. 19 (Joshapura Direct) at 21; Tr. at 248-249, 258; Dominion Virginia Power's Post-Hearing Brief at 67-68.

<sup>65</sup> Ex. 19 (Joshapura Direct) at 21; Tr. at 248-249; Dominion Virginia Power's Post-Hearing Brief at 67.

<sup>66</sup> See, e.g., Tr. at 13-14, 18-19.

<sup>67</sup> *Id.* at 12.

<sup>68</sup> Ex. 45 (Faison Rebuttal) at 2. We agree with the Company's plans to comply with the DEQ recommendations specifically noted in Company witness Faison's rebuttal as well. *Id.* at 3-4, *supra* n.14.

<sup>69</sup> However, we agree with the Hearing Examiner that the Company should not be required to follow the Alternative Recommendations in the DEQ Report to underground the proposed transmission line.

**CASE NO. PUE-2015-00107  
JUNE 23, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation

**FINAL ORDER**

On November 6, 2015, Virginia Electric and Power Company ("Dominion Energy Virginia" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity for the proposed Haymarket 230 kilovolt ("kV") double circuit transmission line and 230-34.5 kV Haymarket Substation ("Project") pursuant to Code of Virginia ("Code") § 56-46.1 and the Utility Facilities Act, § 56-265.1 *et seq.* On April 6, 2017, the Commission issued an Interim Order on the Company's Application. In its Interim Order, the Commission made certain findings related to the proposed Project and, in Ordering Paragraph (1), directed Dominion Energy Virginia, within 60 days of the Interim Order, to "file in this docket written confirmation that any legal constraints blocking construction of the Railroad Route have been removed or, in the alternative, notice that construction of the Railroad Route is not possible due to the legal inability to procure necessary rights-of-way."<sup>1</sup>

On April 26, 2017, Somerset Crossing Homeowners Association ("Somerset") filed a Motion for Rehearing or Reconsideration ("Motion") of the Interim Order. Specifically, Somerset requested that the Commission reconsider Ordering Paragraph (1) of the Interim Order.<sup>2</sup> In the alternative, Somerset requested rehearing for the following reasons:

- (1) The Order is contrary to the evidence presented to the Hearing Examiner including the recommendations and testimony of the Commission's own staff;
- (2) The Commission denied Somerset due process by selecting a route that Somerset could not reasonably anticipate was under consideration due to its withdrawal; and
- (3) The Order contravenes Virginia statutory and constitutional law to the extent it authorizes the taking of private property when the Commission has found that the "need" for the Transmission Line is driven by a single retail customer.<sup>3</sup>

On May 16, 2017, Dominion Energy Virginia filed a response to Somerset's Motion ("Response") as permitted by Rule 5 VAC 5-20-110 of the Commission's Rules of Practice and Procedure ("Rules of Practice"). In its Response, Dominion Energy Virginia requested that the Commission deny Somerset's Motion as procedurally improper and premature pursuant to Rule 5 VAC 5-20-220 of the Commission's Rules of Practice.<sup>4</sup> In the alternative, Dominion Energy Virginia requested the opportunity to submit further briefing on the substance of Somerset's Motion within 14 business days, should the Commission treat the Motion under Rule 5 VAC 5-20-110 of the Commission's Rules of Practice.<sup>5</sup> Somerset did not file a reply as permitted under Rule 5 VAC 5-20-110 of the Commission's Rules of Practice.

On June 5, 2017, Dominion Energy Virginia, pursuant to Ordering Paragraph (1) of the Interim Order, filed its Update to the Commission ("Update"). In its Update, Dominion Energy Virginia, among other things, informed the Commission that it had had discussions with the representatives of Prince William County to find potential areas of coordination and agreement.<sup>6</sup> In addition, on May 3, 2017, the Company sent a letter to Prince William County formally requesting that the County "take, or provide a written commitment to take and expeditiously complete, the necessary actions to remove any legal constraints to the construction and operation of the Project on the Railroad Route."<sup>7</sup> The Company requested a written response to its letter from Prince William County on or before May 22, 2017.<sup>8</sup> Dominion Energy Virginia further informed the Commission, through its Update, that on June 1, 2017, the Board of Supervisors of Prince William County unanimously approved a resolution that, among other things, rejects the Company's request to remove legal constraints allowing for the construction of the Railroad Route.<sup>9</sup>

NOW THE COMMISSION, upon consideration of this matter, finds as follows. Dominion Energy Virginia has fulfilled the requirement set forth in Ordering Paragraph (1) of the Interim Order. As such, Somerset's Motion to reconsider Ordering Paragraph (1) of the Interim Order is rendered moot. Further, we deny the remainder of Somerset's Motion based upon Rule 5 VAC 5-20-220 of the Commission's Rules of Practice.

<sup>1</sup> *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation*, Case No. PUE-2015-00107, Doc. Con. Cen. No. 170420047, Interim Order at Ordering Paragraph 1 (Apr. 6, 2017).

<sup>2</sup> Motion at 1.

<sup>3</sup> *Id.* at 1-2.

<sup>4</sup> Response at 1, 7-8.

<sup>5</sup> *Id.* at 8.

<sup>6</sup> Update at 4.

<sup>7</sup> *Id.* at 4-5, Attachment 1 at 1.

<sup>8</sup> *Id.* at 5, Attachment 1 at 2.

<sup>9</sup> *Id.* at 5, Attachment 2. It does not appear Dominion Energy Virginia received any written response to its letter from Prince William County.

For reasons stated in the Interim Order, we find that the proposed Project is needed and hereby approve construction and operation of the proposed Project along the Carver Road Route. As referenced in the Interim Order, we further approve the variance to the Carver Road Route identified therein, if Dominion Energy Virginia is unable to obtain an easement from Prince William County. In addition, we remain sensitive to the fact that while we have found constructing the proposed Project along the Carver Road Route satisfies the statutory requirements, such finding does not mean there will be no visual impact.<sup>10</sup> To further mitigate visual impact, we will require the chemical dulling of the structure finish for this particular Project, consistent with our findings in recent transmission line orders.<sup>11</sup>

Accordingly, IT IS ORDERED THAT:

(1) Somerset's Motion to reconsider Ordering Paragraph (1) of the Interim Order is moot. The remainder of Somerset's Motion is denied as stated herein.

(2) Dominion Energy Virginia is authorized to construct and operate the Project, as set forth in the Interim Order, along the Carver Road Route, including the variance identified therein, if the Company is unable to obtain an easement from Prince William County. We further direct Dominion Energy Virginia to utilize chemical dulling of the structures to minimize visual impact.

(3) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted subject to the requirements set forth in the Interim Order, as incorporated and made final herein.

(4) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificates of public convenience and necessity:

Certificate No. ET-105ad, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Prince William County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00107, cancels Certificate No. ET-105ac, issued to Virginia Electric and Power Company in Case No. PUE-2014-00025 on February 11, 2016.

Certificate No. ET-91ab, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Loudoun County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00107, cancels Certificate No. ET-91aa, issued to Virginia Electric and Power Company in Case No. PUE-2015-00053 & PUE-2015-00054 on August 23, 2016.

(5) This matter is dismissed.

<sup>10</sup> See, e.g., Ex. 10 (NRG Environmental Routing Study) at 60-65 (Table 4-1).

<sup>11</sup> Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of Cunningham-Dooms 500 kV Transmission Line Rebuild under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*, Case No. PUE-2016-00020, Doc. Con. Cen. No. 170530027, Final Order at 8-9 (May 5, 2017); Application of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*, Case No. PUE-2016-00135, Doc. Con. Cen. No. 170610186, Final Order at 9 (June 6, 2017). The Company states that all aboveground structures in this case would be constructed of galvanized steel. See, e.g., Ex. 10 (NRG Environmental Routing Study) at 7.

### CASE NO. PUE-2015-00107 JULY 14, 2017

#### APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation

#### **ORDER GRANTING RECONSIDERATION**

On June 23, 2017, the State Corporation Commission ("Commission") issued a Final Order in this docket. The Coalition to Protect Prince William County and Somerset Crossing Homeowners Association filed separate requests for rehearing or reconsideration.

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced requests. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced requests.

(2) Pending the Commission's reconsideration, the Final Order is suspended.

(3) This matter is continued generally.

**CASE NO. PUE-2015-00117  
AUGUST 29, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Remington-Gordonsville 230 kV Double Circuit Transmission Line

**FINAL ORDER**

On November 13, 2015, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company")<sup>1</sup> filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity for the proposed Remington-Gordonsville 230 kilovolt ("kV") Double Circuit Transmission Line. Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.*

Dominion proposes to (a) construct, entirely along and primarily within existing right-of-way, approximately 38.2 miles of 230 kV Remington-Gordonsville Line #2153 in Fauquier, Culpeper, Orange, and Albemarle Counties between its existing Remington Substation in Fauquier County and existing Gordonsville Substation in Albemarle County; and (b) construct and install associated 230 kV facilities at Dominion's Gordonsville and Remington Substations (collectively, the "Project").<sup>2</sup> The proposed in-service date for the Project is June 2019.<sup>3</sup> In its Application, the Company proposes to install double circuit single-shaft weathered steel pole structures with an average height of 103-107 feet<sup>4</sup> to allow the installation of a second circuit along the existing right-of-way between Remington Junction and the Gordonsville Substation,<sup>5</sup> 22.2 miles of which is 100 feet in width while the remaining 16.0 miles of the existing corridor is 70 feet in width.<sup>6</sup> The Company states that it would seek to expand existing easements or acquire additional easements to establish a 100-foot right-of-way for the length of the Project where practically feasible.<sup>7</sup>

Dominion asserts that the Project is necessary for the Company to continue to provide reliable electric service to customers served from the Company's existing Gordonsville Substation and to address projected violations of North American Electric Reliability Corporation ("NERC") reliability standards that could lead to service interruptions or potentially damage electrical facilities in the area.<sup>8</sup> In its Application, the Company presents a proposed route and two variations of an alternative electrical solution ("Remington-Pratts Alternative") that would connect the existing Remington Substation to a new switching station in the vicinity of the existing Rappahannock Electric Cooperative's Pratts Delivery Point in Madison County, Virginia ("Pratts Station").<sup>9</sup> The Company states that the two alternative routes would make use of the existing 115 kV corridor from Remington Substation for at least 17 miles and then would depart from the existing right-of-way to terminate at Pratts Station along new right-of-way.<sup>10</sup>

If approved, Dominion estimates that it would take 14-18 months to construct the proposed Project as well as 11 months for engineering, material procurement, right-of-way acquisition, and construction permitting.<sup>11</sup> The Company estimates the cost of the proposed Project to be approximately \$104.6 million.<sup>12</sup>

<sup>1</sup> Effective May 12, 2017, Virginia Electric and Power Company changed its "doing business as" name from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> Exhibit ("Ex.") 2 (Application) at 2.

<sup>3</sup> *Id.*

<sup>4</sup> The new Line #2153 would share the existing structures with the 500 kV Line #535 found along the 0.62 mile-long Remington Junction – Remington Substation corridor. Those structures have an approximate average height of 70 and 138 feet. *See* Ex. 2 (Appendix) at 81; Ex. 8 (Staff Report) at 10-11.

<sup>5</sup> Ex. 2 (Application) at 3; Ex. 2 (Appendix) at 74-80.

<sup>6</sup> Ex. 2 (Application) at 3-4.

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *See, e.g., id.* at 2-3; Ex. 2 (Appendix) at 3-4.

<sup>9</sup> *See, e.g.,* Ex. 2 (Application) at 4; Ex. 2 (Appendix) at 64-65.

<sup>10</sup> Ex. 2 (Application) at 4. On April 1, 2016, the Commission Staff filed a Motion for Expedited Summary Ruling that the Proposed Remington-Pratts Alternative Should Not Continue as Part of this Proceeding ("Motion for Summary Ruling"), which asserted that the Remington-Pratts Alternative does not, in and of itself, constitute an electrical solution to the loading problems in the area and should, therefore, be eliminated from further consideration herein. The Remington-Pratts Alternative relies upon a rebuild by FirstEnergy Corporation ("FirstEnergy") of facilities owned by FirstEnergy, which is not a party to this proceeding and has not agreed, or represented that it would agree, to rebuild FirstEnergy's component of the Remington-Pratts Alternative. Motion for Summary Ruling at 3. Staff represented that the Company supported the Motion for Summary Ruling and all other participants either supported or did not oppose it. *Id.* at 6. By Ruling dated April 12, 2016, the Motion for Summary Ruling was granted and the Remington-Pratts Alternative was removed from further consideration in this proceeding. *See Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Remington-Gordonsville 230 kV Double Circuit Transmission Line, Case No. PUE-2015-00117, Doc. Con. Cen. No. 160410249, Hearing Examiner's Ruling (Apr. 12, 2016).*

<sup>11</sup> Ex. 2 (Application) at 3.

<sup>12</sup> *Id.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On December 29, 2015, the Commission issued an Order for Notice and Hearing ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; provided an opportunity for interested persons to file comments or participate in this proceeding by filing a notice of participation; directed the Commission Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon; and scheduled a local hearing for April 28, 2016, and a hearing in Richmond for June 28, 2016.

As noted in the Procedural Order, the Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the proposed Project by state and local agencies and file a report thereon. DEQ filed its report ("DEQ Report") with the Commission on February 1, 2016. The DEQ Report provides 12 general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report recommended that Dominion should:

- Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow DEQ's recommendations regarding air quality protection, as applicable;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to protect natural heritage resources, including its recommendation to conduct plant surveys and a mussel inventory for certain species in the project area, as well as for updates to the Biotics Data System database if six months have passed before the Project is implemented;
- Coordinate with the Department of Game and Inland Fisheries as necessary regarding protected species;
- Coordinate with the Virginia Department of Historic Resources ("VDHR") regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Virginia Department of Health's Office of Drinking Water regarding its recommendations to protect public drinking water sources;
- Coordinate with the Virginia Outdoors Foundation ("VOF") regarding the submittal of a utility easement application;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable;
- Coordinate with Orange County regarding its recommendation to mitigate the visual impacts to Route 615, a Virginia Byway; and
- Coordinate with Madison County regarding its concerns related to applicable local requirements if either Alternative Route B-1 or B-4 is chosen.<sup>13</sup>

Notices of Participation were filed by the following: Culpeper County; the County of Madison; the County of Orange; Piedmont Environmental Council ("PEC"); Old Dominion Electric Cooperative; the Orange Madison Culpeper Alliance ("OMC Alliance");<sup>14</sup> Amcarwill Limited Partnership; William J. Davis, Jr.; Michael Mosko, Jr.; Herbert R. Putz; William W. Sanford; David Taylor;<sup>15</sup> Tombstone Limited Partnership ("Tombstone"); Charlotte E. Chumlea; Stephen B. Carpenter; and Jeffry A. Tillery.<sup>16</sup>

A local hearing was convened as scheduled on April 28, 2016, in Orange, Virginia, for the receipt of testimony of public witnesses. A total of 28 public witnesses offered testimony at that hearing. In addition, the Commission received written and electronic comments on this matter.

On May 27, 2016, Staff filed its testimony and exhibits summarizing the results of its investigation of the Company's Application. Staff concluded that the Company has demonstrated a need for the Project, and Staff agreed with the Company's proposed route for the Project.<sup>17</sup> Staff also discussed the visual impacts of the proposed Project, due to the almost doubling in average height of the proposed structures compared to the existing structures. Staff concurred with the Company's choice of finish (weathered steel) for the structures and recommended that the Company use non-reflecting or de-glared conductors to reduce the visual impacts further.<sup>18</sup>

In response to numerous requests by public witnesses that the structure heights be limited to 80 feet, Staff asked the Company in discovery to state the incremental impact on cost and right-of-way requirements for the use of shorter structures along the entire wreck and rebuild corridor from

<sup>13</sup> Ex. 9 (DEQ Report) at 6-7.

<sup>14</sup> OMC Alliance filed a Motion to Withdraw on June 16, 2016.

<sup>15</sup> On May 19, 2016, David Taylor filed notice withdrawing from participation in the proceeding.

<sup>16</sup> Tombstone, Ms. Chumlea, Mr. Carpenter and Mr. Tillery filed their Notices of Participation after the scheduled deadline; however the late filings were received as they did not prejudice the proceeding. See Hearing Examiner's Report at 2.

<sup>17</sup> Ex. 8 (Staff Report) at 23-24.

<sup>18</sup> *Id.* at 20-21. Staff estimated that the incremental cost of using non-reflecting or de-glared conductors would be approximately \$60,000. *Id.* at 21.



Remington Junction to Gordonsville Substation. As summarized in Staff testimony, the Company described two possible scenarios: (1) a hypothetical single circuit 230 kV H-frame structure, constructed alongside the existing 115 kV structures, which would be on average approximately 41 feet shorter than the proposed double circuit structures but would require a 180-foot wide right-of-way; and (2) a hypothetical double circuit H-frame structure, constructed to support both the existing 115 kV line and the new 230 kV line, which would be on average approximately 22 feet shorter than the proposed double circuit structures but would require a 140-foot wide right-of-way ("Shorter Structure Option").<sup>19</sup> Staff did not take a position with respect to structure height; Staff noted that constructing the Project at a lower structure height appears to be technically feasible but could require a wider right-of-way or an increase in the number of structures required to accommodate the shorter, but wider, structures.<sup>20</sup> Staff noted that the cost of the Project would increase as well.<sup>21</sup> Staff testified that the additional Project costs associated with using shorter structures, estimated by the Company to be \$7.5 million excluding forestry and real estate costs,<sup>22</sup> are reasonable in order to reduce the visual impacts to scenic, cultural, and historical resources in the region.<sup>23</sup>

On June 13, 2016, Dominion filed a Motion for Extension and for Expedited Consideration ("Motion for Extension"), seeking additional time to evaluate and present evidence on the use of the Shorter Structure Option where feasible along portions of the Project route and to present the results of the evaluation in the Company's rebuttal testimony. The Company requested modification of the Procedural Schedule, specifically the deadlines for filing rebuttal testimony and receiving public comments and for the commencement of the evidentiary hearing. By the Hearing Examiner's Ruling dated June 14, 2016, the Motion for Extension was granted, the remaining filing dates were extended, the hearing scheduled for June 28, 2016, was retained for the sole purpose of receiving public witness testimony,<sup>24</sup> and the evidentiary hearing was rescheduled for July 28, 2016.

On July 12, 2016, Dominion filed the rebuttal testimony of its witnesses. Therein, the Company noted that the DEQ Report's recommendation that the Company coordinate with Madison County is no longer applicable because the Remington-Pratts Alternative had been eliminated from further consideration by the April 12, 2016 Hearing Examiner's Ruling.<sup>25</sup> The Company generally agreed with the recommendations included in the DEQ Report and did not object to the permit requirements described in the DEQ Report.<sup>26</sup>

In its rebuttal testimony, the Company also stated that the use of non-reflecting or de-glared conductors would not be appropriate because the Aluminum-conductor steel-reinforced ("ACSR") conductors proposed in the Application "will dull naturally over time and [are] less expensive than the non-reflective conductor[s]."<sup>27</sup> Dominion stated further that the Company evaluated the potential use of the Shorter Structure Option on expanded right-of-way where feasible along portions of the Project route and concluded that the Shorter Structure Option is technically feasible and may be reasonable for portions of the right-of-way where there are no constraints, provided that the following conditions are met: (1) consent by all affected property owners; (2) agency consent where applicable; (3) grant of easements for the 40 feet beyond the 100 feet needed for the proposed Project without additional compensation from the Company; and (4) an uninterrupted line distance of approximately three miles.<sup>28</sup> The Company estimated that, given these conditions, approximately 24.1 miles of the length of the proposed Project potentially can be expanded to the 140-foot right-of-way required for the Shorter Structure Option.<sup>29</sup> The Company also described the following environmental impacts associated with expanding the right-of-way to 140 feet where feasible: three new parcels would be crossed; the expanded right-of-way would cross an additional 3.9 acres of wetlands and 24.8 acres of forested land; and an additional 32.5 acres of VOF easements and an additional 2.1 acres of VDHR easements would be affected.<sup>30</sup>

The Hearing Examiner convened an evidentiary hearing as scheduled on July 28, 2016. The Company, Staff, and PEC participated at the hearing.<sup>31</sup>

<sup>19</sup> *Id.* at 21-22.

<sup>20</sup> *Id.* at 22-23.

<sup>21</sup> *Id.* at 23.

<sup>22</sup> Ex. 13 (Shevenock Rebuttal) at 6.

<sup>23</sup> July 28, 2016 Transcript ("Tr.") 68.

<sup>24</sup> No public witnesses appeared to testify at the June 28, 2016 hearing.

<sup>25</sup> Ex. 11 (Baka Rebuttal) at 2.

<sup>26</sup> *Id.* at 3.

<sup>27</sup> Ex. 13 (Shevenock Rebuttal) at 2-3. Company witness Shevenock stated in his pre-filed rebuttal testimony that it is his understanding that it takes approximately six to nine months for the proposed ACSR conductor to dull, depending on weather. *Id.* at 3.

<sup>28</sup> Ex. 11 (Baka Rebuttal) at 7. Company witness Baka clarified at the hearing on July 28, 2016, that the Company would not seek to acquire the additional 40 feet of right-of-way if the landowner did not want to participate, because the Company contends that right-of-way in excess of 100 feet is not necessary to build the Project. July 28, 2016 Tr. 42. However, the Company offered an alternative for the Commission's consideration, whereby the Company would establish a cap of \$2.5 million, which is an amount based on the current assessed land values of the affected properties, to pay for real estate costs associated with acquisition of the additional 40 feet of right-of-way required for the Shorter Structure Option. *Id.* at 44, 45. Staff testified at the hearing that it does not consider acquisition of the additional right-of-way needed to accommodate shorter structures without compensation to the land owners reasonable. Staff recommended that the Company acquire the additional right-of-way in the same way it typically acquires right-of-way for other projects. July 28, 2016 Tr. 68-69.

<sup>29</sup> Ex. 13 (Shevenock Rebuttal) at 5-6; Ex. 14 (Berkin Rebuttal) at 4.

<sup>30</sup> Ex. 14 (Berkin Rebuttal) at 5-6, Rebuttal Schedule 1; Ex. 13 (Shevenock Rebuttal) at 6, as corrected (*see* July 28, 2016 Tr. 101).

<sup>31</sup> One public witness offered testimony at the hearing.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 13, 2017, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Chief Hearing Examiner's Report" or "Report"), was issued. Therein, the Chief Hearing Examiner, among other things, summarized the record in this case and made certain findings and recommendations. In particular, the Chief Hearing Examiner recommended that the Commission grant the requested certificate of public convenience and necessity to construct and operate the proposed transmission facilities using the Company's proposed route based on the following findings:

- (1) The Project is needed so Dominion can continue to provide reasonably adequate service to its customers at just and reasonable rates;
- (2) The Project will improve the Company's system reliability in the area;
- (3) The Project utilizes existing right-of-way;
- (4) The proposed route, use of the Shorter Structure Option where feasible, and use of non-glare conductors reasonably minimize the Project's impact on the environment, scenic assets, and historic resources;
- (5) The Company should be granted the flexibility to pursue the Shorter Structure Option where feasible and subject to the conditions discussed in the Report with compensation to the land owner for additional right-of-way;
- (6) Approval of the Application should be conditioned on the Company's compliance with the recommendations contained in the DEQ Report; and
- (7) The Company should be directed to provide Staff with confidential monthly reports on its progress in negotiations and acquisition of additional right-of-way.<sup>32</sup>

On July 5, 2017, the Company and Staff filed comments to the Chief Hearing Examiner's Report. Staff, among other things, supports the Chief Hearing Examiner's recommendation that Dominion should be granted the flexibility to utilize the Shorter Structure Option, where feasible, subject to the conditions discussed in the Report, including compensation to landowners for the additional right-of-way required for the Shorter Structure Option.

In Dominion's comments to the Chief Hearing Examiner's Report ("Dominion Comments"), the Company continues to support the Shorter Structure Option where technically feasible, subject to the conditions discussed above, with the exception that Dominion "agreed that compensation for property owners who voluntarily agreed to participate in the Shorter Structure Option should be compensated from a pool of funds capped at \$2.5 million" based on current assessed land values.<sup>33</sup> Dominion anticipates that it will take approximately three months from the date of the Final Order to negotiate consents and compensation with affected property owners and the relevant agencies, and the Company proposes to provide two confidential reports to Staff during this process: an interim report provided 60 days after the entry of the Commission's Final Order; and a final report provided 60 days after the interim report.<sup>34</sup> Dominion states in its comments that the Company anticipates starting construction in December 2018, with an in-service date of June 2020.<sup>35</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that certificates of public convenience and necessity should be issued authorizing the proposed Project, subject to the findings and conditions contained in this Final Order, and that the public convenience and necessity require that the Company construct, own, and operate the Project.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

<sup>32</sup> Chief Hearing Examiner's Report at 33-34.

<sup>33</sup> Dominion Comments at 5, n. 19; *see also id.* at 6, 9.

<sup>34</sup> *Id.* at 13.

<sup>35</sup> *Id.* at 13, n. 50, 14. Dominion noted in its Comments that the original in-service date of June 2019 was based on construction beginning in January 2018; however, because of the length of time required to negotiate with landowners for the additional right-of-way and to manufacture the poles for the Project, the Company does not expect to begin construction until December 2018. *See id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned."

The Code requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need and Service Reliability

We agree with the Chief Hearing Examiner that the Project is needed to comply with mandatory NERC Reliability Standards and so that the Company can continue to provide reliable electric service to customers served from the Company's existing Gordonsville Substation at just and reasonable rates.<sup>36</sup>

Routing and Right-of-Way

As required by § 56-259 C of the Code, Dominion has adequately considered existing rights-of-way. If approved, the Project would be located entirely along and primarily within existing right-of-way,<sup>37</sup> except for those portions where Dominion will seek (i) to expand existing easements or acquire additional easements to establish a 100-foot (instead of 70-foot) right-of-way for the Project where practically feasible, and (ii) to expand easements to 140 feet where feasible to accommodate the Shorter Structure Option.

Economic Development

We find that the proposed Project will support continued economic development in the area of the Project as well as in the Commonwealth of Virginia by maintaining and improving the overall long-term reliability for customers in the area.<sup>38</sup>

Scenic Assets and Historic Districts

During the course of this proceeding, members of the public requested that the Commission consider shorter structures to minimize the visual impact of the Project, even if it requires a wider right-of-way.<sup>39</sup> Staff and PEC both supported the Shorter Structure Option.<sup>40</sup> We also note that VOF raised concerns with the height of the structures as originally proposed in the Application<sup>41</sup> and that the staffs of VOF and VDHR expressed support for the Shorter Structure Option.<sup>42</sup> Several public witnesses also requested, and Staff recommended, that the Project be built with rust colored poles and non-reflective lines.<sup>43</sup>

As noted above, the Company estimated that approximately 24.1 miles of the length of the Project potentially can be expanded to the 140-foot right-of-way required for the Shorter Structure Option. Based on the unique circumstances of this case, the Commission finds that the Shorter Structure Option shall be used as directed herein – where feasible based on agreement of affected property owners – to minimize further the environmental impact of the Project.<sup>44</sup> Specifically, the Commission finds that the Company shall build the Shorter Structure Option where feasible along the length of the approved route for the Project, subject to the following conditions: (1) consent by the affected property owner for use of the additional 40 feet of right-of-way beyond the initially proposed right-of-way; (2) agency consent where applicable; (3) grant of voluntary easements with appropriate compensation for the 40 feet beyond the initially proposed 100-foot right-of-way;<sup>45</sup> and (4) an uninterrupted land distance of approximately three miles.

<sup>36</sup> Chief Hearing Examiner's Report at 26, 33.

<sup>37</sup> See, e.g., Ex. 2 (Appendix) at 1.

<sup>38</sup> See, e.g., Ex. 3 (Witt Direct) at 8-9; Ex. 8 (Staff Report) at 18.

<sup>39</sup> See, e.g., Public Comment of Mr. Charles Taylor, May 7, 2016, Doc. Con. Cen. No. 160530056; April 28, 2016 Tr. 11, 16, 19, 32, 53, 77, 101-102.

<sup>40</sup> See, e.g., July 28, 2016 Tr. 115, 118.

<sup>41</sup> Ex. 9 (DEQ Report), Letter from Martha Little, Deputy Director, VOF, to Janine Howard, DEQ, dated January 12, 2016.

<sup>42</sup> See July 28, 2016 Tr. 42; Ex. 12 (letter from Virginia Outdoors Foundation to Charlotte McAfee, dated July 21, 2016).

<sup>43</sup> See, e.g., April 28, 2016 Tr. 32-33, 53, 64, 84; Ex. 8 (Staff Report) at 20-21.

<sup>44</sup> The Commission expressly notes that the findings herein are based on the particular circumstances of the instant proceeding and do not serve as precedent for subsequent transmission line matters, which should be evaluated pursuant to the specific records developed in future cases.

<sup>45</sup> The Commission expects the Company to provide information regarding all land acquisition costs associated with this Project in its periodic reports to Staff on the Project and in its annual transmission report to Staff directed in the Commission's Final Order in Case No. PUE-2016-00135. See *Application of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.*, Case No. PUE-2016-00135, Doc. Con. Cen. No. 170610186, Final Order at 11 (June 6, 2017).

Accordingly, the Commission directs the Company immediately to implement its proposed outreach plan to affected property owners, including postcard notifications, formal letters, and personal contact followed by negotiations and purchase of the additional rights-of-way where agreed upon.<sup>46</sup> Dominion is required to report on its acquisition activities in periodic reports to Staff, as discussed below.<sup>47</sup>

We approve the Company's proposal to use single-shaft weathered steel poles and H-frame structures as proposed in the Application. We agree with the Chief Hearing Examiner that the use of non-reflecting or de-glared conductors will minimize further the environmental impact of the Project. Accordingly, the Commission conditions approval of the proposed Project on the Company's use of a de-glared finish on its transmission conductors.

#### Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>48</sup> We therefore find that as a condition of our approval herein, Dominion must comply with DEQ's recommendations as provided in the DEQ Report, with the exception of the recommendation that the Commission require coordination with Madison County, which is not applicable to the approved route. Further, Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

#### Reporting

Finally, we adopt the Company's proposal to provide confidential reports to the Staff describing the Company's negotiation efforts for the right-of-way required to conduct the Project using the Shorter Structure Option. These reports should be provided every 60 days, starting with the date of this Final Order, until the right-of-way acquisition process is complete. However, Dominion should provide Staff with additional reports between these 60-day intervals within three days of any event which is unforeseen and beyond the ordinary course of business in acquiring rights-of-way for the Project. The Company and Staff shall work cooperatively to determine the content of the 60-day reports, but at a minimum these reports shall include information on the status of acquiring the additional rights-of-way and the total amount spent to date on the additional easements. Within 60 days or less after the right-of-way acquisition process is complete, Dominion shall provide Staff with a final report incorporating the same type of information as included in the prior 60-day reports as well as a map depicting those segments where the Shorter Structure Option will be used for the Project.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion is authorized to construct and operate the Project, subject to the findings and conditions imposed herein.
- (2) Pursuant to §§ 56-46.1 and 56-265.2 of the Code, and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Project is granted, as provided for herein, and subject to the requirements set forth herein.
- (3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to the Company:

Certificate No. ET-80q, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Fauquier County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00117, cancels Certificate No. ET-80p, issued to Virginia Electric and Power Company on February 11, 2016, in Case No. PUE-2014-00025. Certificate No. ET-74f, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Culpeper County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00117, cancels Certificate No. ET-74e, issued to Virginia Electric and Power Company on October 7, 2008, in Case No. PUE-2007-00031.

Certificate No. ET-99g, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Orange County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00117, cancels Certificate No. ET-99f, issued to Virginia Electric and Power Company on November 25, 1975.

Certificate No. ET-58n, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Albemarle County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00117, cancels Certificate No. ET-58m, issued to Virginia Electric and Power Company on May 5, 2017, in Case No. PUE-2016-00020.

- (4) Within thirty (30) days from the date of this Final Order, the Company shall provide the Commission's Division of Public Utility Regulation with three copies of an appropriate map that shows the routing of the transmission line approved herein.

<sup>46</sup> Dominion's Comments at 10-13; Ex. 11 (Berken Rebuttal) at 8.

<sup>47</sup> Dominion will implement the Shorter Structure Option in areas where it is able to obtain the necessary right-of-way expansion.

<sup>48</sup> The DEQ recommendations are set forth above and discussed in the DEQ Report.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Project approved herein must be constructed and in service by June 1, 2020; however, the Company is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

**CASE NO. PUE-2015-00133  
NOVEMBER 3, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: transmission line rebuild of Belvoir-Gum Springs double circuit 230 kV lines #204 and #220

**ORDER**

By Final Order<sup>1</sup> issued on September 14, 2016, the State Corporation Commission ("Commission") authorized Virginia Electric and Power Company ("Dominion" or "Company") to rebuild, entirely within existing right-of-way, approximately 2.6 miles of existing 230 kV transmission lines: Jefferson Street-Gum Springs Line #204 and Ox-Gum Springs Line #220, located entirely in Fairfax County, Virginia (the "Project").

Ordering Paragraph (7) of the Final Order required that the approved Project be constructed and in service by December 1, 2017, but provided the Company leave to apply for an extension for good cause shown.

On October 6, 2017, Dominion filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, the Company requests an extension from December 1, 2017, to May 31, 2018, for the construction and in-service date for the Project.<sup>2</sup> Dominion asserts that, due to additional care that is needed to ensure that the Company performs its work in a manner that is consistent with conservation, mitigation/avoidance, and monitoring activities that the Company agreed to undertake as part of a stipulation it entered into with several other parties in this case, an extension beyond the current completion date of December 1, 2017, is required.<sup>3</sup>

The Company submits that the requested extension will not prejudice any person or party. The Company also states that it contacted counsel for Commission Staff ("Staff") and the respondents in this proceeding prior to filing its Motion, and Staff, the Old Dominion Electric Cooperative, and the Fairfax County Board of Supervisors have authorized the Company to represent that they do not object to the requested extension.<sup>4</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (7) of the Commission's September 14, 2016 Final Order shall be revised to read as follows: The Project approved herein must be constructed and in service by May 31, 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Commission's September 14, 2016 Final Order shall remain unchanged.

<sup>1</sup> Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: transmission line rebuild of Belvoir-Gum Springs double circuit 230 kV lines #204 and #220, Case No. PUE-2015-00133, 2016 S.C.C. Ann. Rept. 331, Final Order (Sept. 14, 2016).

<sup>2</sup> Motion at 3.

<sup>3</sup> Id. at 2-3.

<sup>4</sup> Id. at 3-4. The Company stated that it did not receive responses from the Friends of Huntley Meadows Park, the Friends of Historic Huntley, Angela F. Hofmann, and the Board of Directors for the Huntley Meadows Homeowners Association, Inc. concerning their position on the Motion. Id. at 4.

**CASE NO. PUE-2016-00001  
SEPTEMBER 8, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates and charges and to revise the terms and conditions applicable to gas service

**ORDER**

On June 30, 2016, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges effective for usage beginning with the December 2016 billing cycle and to revise other terms and conditions applicable to its gas service. WGL's Application advised that the proposed rates and charges were designed to increase the Company's annual non-gas base revenues by approximately \$45.6 million per year, which included \$22.3 million already being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy Plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.* ("SAVE Act").<sup>1</sup> WGL stated that the requested increase in annual non-gas base revenues reflected its costs and revenues for the test year ended September 30, 2015; the increase in the Company's rate base since its last base rate increase in 2011;<sup>2</sup> an updated capital structure and requested return on equity ("ROE") of 10.25%; and certain rate year adjustments that reasonably could be predicted to occur during the 12 months ending November 30, 2017, as permitted by Code § 56-235.2.<sup>3</sup>

On July 19, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; scheduled a hearing on the Application; established a procedural schedule for parties to file testimony and exhibits; permitted the Company to implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after November 28, 2016; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission.<sup>4</sup>

The following filed notices of participation in this proceeding: the Office of the Attorney General's Division of Consumer Counsel; the Apartment and Office Building Association of Metropolitan Washington; Direct Energy Business Marketing, LLC; the City of Alexandria, Virginia ("Alexandria"); and the Fairfax County Board of Supervisors (collectively, "Respondents").

Respondents and the Commission's Staff ("Staff") filed testimony in accordance with the Procedural Order, and WGL filed rebuttal testimony in accordance with the August 3, 2016 Hearing Examiner's Ruling. On April 17, 2017, WGL filed a Stipulation ("Stipulation") with the Commission signed by the Company, Staff, and the Respondents. The Stipulation resolved all of the outstanding issues among the participants in the proceeding and provided, in part, that: (i) the increase in the Company's jurisdictional non-gas base revenue requirement will be \$34.0 million (\$14.1 million net of the Company's SAVE Plan costs), with the resulting rates shown on Attachment 1 to the Stipulation and the customer bill impact shown on Attachment 2 to the Stipulation; (ii) the midpoint of the authorized ROE range of 9.0% to 10.0% should be used in any application or filing, other than an application for a change in base rates, effective December 1, 2016; (iii) the Company's December 31, 2016 capital structure, as supported in the rebuttal testimony of Company witness Bonawitz, should be used in future SAVE Act filings, subject to the requirements of the SAVE Act, and in other filings that rely upon the capital structure approved in the Company's most recent base rate proceeding, effective December 1, 2016; (iv) no amount of the increase shall be apportioned to the system charges with the exception of the Group Metered Apartment Service Heating rate for the Company's Shenandoah customers; (v) the Company accepted the revised limits and reporting requirements proposed by Staff witness Tufaro for the Contribution Payment Plan ("CPP") and Targeted Conversion Program ("TCP") described by Company witness McCrackin;<sup>5</sup> and (vi) the Company should be authorized to commence a pilot program for the Gas Access Program for the Town of Front Royal, Virginia.

On April 18, 2017, the Chief Hearing Examiner convened an evidentiary hearing on the Application and admitted the Stipulation and other evidence into the record.

On June 30, 2017, the Chief Hearing Examiner issued the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report") finding that:

- (1) The terms of the Stipulation offer a fair and reasonable resolution of the issues in this case;
- (2) The non-gas base revenue requirement should be increased by \$34.0 million (\$14.1 million net of the Company's SAVE Plan costs);
- (3) An authorized ROE range of 9.0% to 10.0% with an ROE midpoint of 9.50% should be used to determine the revenue requirement in any application or filing, other than an application for a change in base rates, wherein a revenue requirement determination is needed;

<sup>1</sup> Exhibit 2 (Application) at 1. In accordance with the SAVE Act, WGL proposed to include recovery of the \$22.3 million of SAVE investments in base rates and correspondingly remove this amount from the SAVE Rider coincident with the implementation of the proposed rates. *See Id.*

<sup>2</sup> *See Application of Washington Gas Light Company, For a general increase in rates and charges and to revise its terms and conditions for gas service*, Case No. PUE-2010-00139, 2012 S.C.C. Ann. Rept. 229, Order (July 2, 2012) and 2012 S.C.C. Ann. Rept. 235, Order (July 24, 2012).

<sup>3</sup> Exhibit 2 (Application) at 3-5.

<sup>4</sup> By Hearing Examiner's Ruling dated August 3, 2016, the Chief Hearing Examiner granted the Company's Motion to Request Revision to the Procedural Schedule and, among other things, revised the procedural schedule to provide the Company an additional two weeks to file its rebuttal testimony ("August 3, 2016 Hearing Examiner's Ruling").

<sup>5</sup> Paragraph (12) of the Stipulation further provided that, consistent with the testimony of Staff witness Tufaro, the Staff believes the question of whether the CPP and TCP are in the public interest is a question for the Commission.

- (4) The rate design and revenue apportionment set forth in the Stipulation are reasonable for purposes of this case;
- (5) The Company should prepare for filing with its next general rate application the CCOS [class cost of service] Studies detailed in the Stipulation; and
- (6) The tariff changes set forth in the Stipulation are also reasonable and should be adopted.<sup>6</sup>

The Chief Hearing Examiner recommended that the Commission adopt the Stipulation; approve the rates, charges, and tariff provisions set forth in the Stipulation; and direct WGL to make appropriate refunds.<sup>7</sup> The Chief Hearing Examiner also provided the participants the opportunity to file comments within five business days from the date of the Report.<sup>8</sup> On July 11, 2017, Alexandria filed a letter requesting the Commission to endorse the findings and recommendations in the Report and to approve the Stipulation.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner should be adopted and the Stipulation, except as modified herein, should be approved.

Specifically, we find that the TCP, as discussed in Paragraph (12) of the Stipulation, is not in the public interest. The TCP is a proposed revision to the Company's Virginia Tariff, General Service Provision ("GSP") No. 14 – Economic Evaluation of Facilities Extensions.<sup>9</sup> The Company proposed the TCP as a means to facilitate conversion of neighborhoods to natural gas. As proposed, once 20% of the target market commits to take natural gas, the Company will perform the required economic analysis under GSP No. 14 by utilizing a calculation of projected revenues from 60% of the target market.<sup>10</sup> As noted by Staff witness Tufaro, "the Company has not performed any formal study to support the 20% criteria or the use of 60% of the target market to calculate projected revenues, and is, in part, asking the Commission to rely on its experience in this area."<sup>11</sup> We agree that the Company has not provided support for the use of 60% of target market to calculate projected revenues. We share Staff's concerns regarding the impact that this program would have on all WGL customers. Specifically, there is no protection in place to shield current customers from being responsible for the Company's additional 40% investment in infrastructure beyond that which is contributed initially by the 20% of the target market should the other potential customers decide not to proceed with conversions.

The Company also proposed the CPP as a revision to GSP No. 14, to provide residential and commercial customers with an option to pay any required contribution over a period of up to 20 years, through an additional monthly charge of \$40 on the customer's bill, rather than paying the entire amount of the required contribution up front prior to the installation of natural gas service.<sup>12</sup> In the Stipulation, WGL accepted the limits and reporting requirements proposed by Staff witness Tufaro in relation to the CPP.<sup>13</sup> We approve these limits and reporting requirements for the CPP, but also find that, in order for the CPP to be in the public interest, additional safeguards must be incorporated into the program. Specifically, we agree with Staff that the CPP should include an acceleration provision. The acceleration provision is necessary to provide protection to subsequent owners of a premises that is served under a CPP extension. As noted by Staff, "the value of [the] extension is ostensibly reflected in the cost of the property as it is a capital cost. A subsequent purchaser may pay for the extension twice, once through the property transfer transaction and again through a CPP payment to WGL to keep natural gas service."<sup>14</sup>

Further, we find that WGL's non-CPP customers should be held harmless in the event that WGL is unable to recover its investment from any CPP customers. To that end, we agree with the Company that "[i]t would not be appropriate to add the unpaid amounts to uncollectible expense."<sup>15</sup> Additionally, we find that, in the event that a CPP balance becomes uncollectible, the Company should charge off the balance to a below-the-line expense account excluded from base rate cost of service.

Moreover, we hold that the monthly charge of \$40 should be listed as a separate item on the CPP customer's bill and that the CPP charge should be applied to the customer's bill after all other charges are credited. Additionally, we find that a CPP customer's service should not be terminated for non-payment of the CPP charge.

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<sup>6</sup> Report at 33-34.

<sup>7</sup> *Id.* at 34.

<sup>8</sup> *Id.*

<sup>9</sup> GSP No. 14 requires an economic analysis of a requested extension of the Company's facilities to serve new customers. If the projected stream of future revenues from the line extension does not exceed the projected costs, the customer is required to pay the difference between revenues and costs ("required contribution") before WGL will authorize the line extension. *See* Ex. 12 (Skulley Direct) at 18.

<sup>10</sup> *Id.* at 25. WGL chose the 60% figure because the Company believes that (1) once the main is installed in the neighborhood, a significant percentage of the potential customers will eventually convert to natural gas; and (2) the 60% figure reduces the amount of contribution to a level that would make it more feasible for nearby homeowners to convert to natural gas as their non-natural gas appliances reach the end of their service lives and need to be replaced. *Id.*

<sup>11</sup> Exhibit 42 (Tufaro Direct) at 31-32.

<sup>12</sup> Ex. 12 (Skulley Direct) at 19.

<sup>13</sup> Ex. 51 (Stipulation) at 4-5. Staff recommended that the CPP be limited to \$1.75 million for residential and \$1.25 million for commercial and industrial customers. Report at 19.

<sup>14</sup> Exhibit 42 (Tufaro Direct) at 29-30.

<sup>15</sup> Exhibit 12 (Skulley Direct) at 23.

In order to prevent customer confusion, the Company shall provide written notification to each prospective CPP customer of the following information. First, the Company shall provide the prospective CPP customer examples of the estimated acceleration payment amount that would be required should the CPP customer discontinue gas service prior to the end of the CPP term. For example, the Company should provide the customer with an illustration of what the customer would be expected to pay if the customer discontinues service 25%, 50%, and 75% of the way into the term. Additionally, the Company shall provide a comparison of the total cost of the line extension under the current line extension policy (the lump sum contribution payment) and the total cost of the line extension under the CPP, including financing and related costs.

Accordingly, IT IS ORDERED THAT:

(1) Within ten (10) business days from the date of this Order, signatories to the Stipulation shall file a notice of acceptance with the Commission if they accept approval of the Stipulation subject to the modifications made herein. Upon timely filing of such notice of acceptance from all signatories to the Stipulation, the Commission further orders as follows:

- (a) The findings and recommendations of the June 30, 2017 Hearing Examiner's Report hereby are adopted, except as modified in this Order.
- (b) The Stipulation, designated as Attachment A hereto, is adopted, except as modified by this Order, and made a part of this Order.
- (c) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis for service rendered on and after November 28, 2016. WGL shall forthwith file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>. Refunds of interim rates shall be made as required below.
- (d) The Company shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect on an interim basis and subject to refund for service rendered on and after November 28, 2016, and where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Order.
- (e) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly, using the average prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three (3) months of the preceding calendar quarter.
- (f) The refunds ordered herein may be credited to the current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. The Company may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. The Company may retain refunds to former customers when such refund is less than \$1; however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.
- (g) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.
- (h) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(2) This case is continued pending further order of the Commission.

**CASE NO. PUE-2016-00001  
SEPTEMBER 25, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For a general increase in rates and charges and to revise the terms and conditions applicable to gas service

**FINAL ORDER**

On June 30, 2016, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia requesting authority to increase its rates and charges effective for usage beginning with the December 2016 billing cycle and to revise other terms and conditions applicable to its gas service. On September 8, 2017, the Commission issued an Order ("September 8, 2017 Order") approving, with modifications, a Stipulation filed by WGL, the Staff of the Commission ("Staff"), and the Respondents in this case.<sup>1</sup>

<sup>1</sup> See Doc. Con. Cen. No. 170910145. The following filed notices of participation in this proceeding: the Office of the Attorney General's Division of Consumer Counsel; the Apartment and Office Building Association of Metropolitan Washington; Direct Energy Business Marketing, LLC; the City of Alexandria, Virginia; and the Fairfax County Board of Supervisors (collectively, "Respondents").



In its Order, the Commission found that the Company's proposed Targeted Conversion Program ("TCP") is not in the public interest.<sup>2</sup> The Commission further found that, in order for the Company's proposed Contribution Payment Plan ("CPP")<sup>3</sup> to be in the public interest, additional safeguards must be incorporated into the program. These additional safeguards included an acceleration provision; provisions to ensure that WGL's non-CPP customers would be held harmless in the event that WGL is unable to recover its investment from any CPP customers; the requirements that the monthly charge of \$40 be listed as a separate item on the CPP customer's bill and that the CPP charge should be applied to the customer's bill after all other charges are credited; a prohibition against terminating a CPP customer's service for non-payment of the CPP charge; and written notification to each prospective CPP customer of certain information regarding the CPP charge.<sup>4</sup>

On September 20, 2017, WGL filed a Motion to Accept Revised Stipulation ("Motion") with the Commission and a Revised Stipulation signed by the Company, the Staff, and the Respondents ("Stipulating Parties"). The Company stated in its Motion that it had elected to withdraw its proposed CPP, and that the Stipulating Parties have agreed to the filing of the Revised Stipulation, which revises Paragraph 12 to reference the September 8, 2017 Order and states that "the Commission did not approve the TCP" and that "[a]s a result of the Commission's modifications, Washington Gas withdrew its CPP proposal." Other than the revisions to Paragraph 12, the Revised Stipulation is identical to the Stipulation that was filed on April 17, 2017.<sup>5</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Revised Stipulation should be approved. The modifications in the Revised Stipulation accepted herein supersede the modifications to the original Stipulation in the September 8, 2017 Order.

Accordingly, IT IS ORDERED THAT:

- (1) The Revised Stipulation, designated as Attachment A hereto, is adopted and made a part of this Order.
- (2) Items (c) through (h) in Ordering Paragraph (1) in the September 8, 2017 Order are now final as of the date of this Final Order.
- (3) This case is continued.

NOTE: A copy of Attachment A entitled "Revised 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.

<sup>2</sup> September 8, 2017 Order at 4-5. The TCP was a proposed revision to the Company's Virginia Tariff, General Service Provision ("GSP") No. 14 – Economic Evaluation of Facilities Extensions. GSP No. 14 requires an economic analysis of a requested extension of the Company's facilities to serve new customers. If the projected stream of future revenues from the line extension does not exceed the projected costs, the customer is required to pay the difference between revenues and costs ("required contribution") before WGL will authorize the line extension. See Ex. 12 (Skulley Direct) at 18.

<sup>3</sup> The Company also proposed the CPP as a revision to GSP No. 14, to provide residential and commercial customers with an option to pay any required contribution over a period of up to 20 years, through an additional monthly charge of \$40 on the customer's bill, rather than paying the entire amount of the required contribution up front prior to the installation of natural gas service. Ex. 12 (Skulley Direct) at 19.

<sup>4</sup> September 8, 2017 Order at 6-7.

<sup>5</sup> In its Motion, WGL also requested expedited consideration in order that the Company may attempt to begin issuing rate refunds in the October billing cycle. Motion at 3.

## CASE NO. PUE-2016-00011 OCTOBER 20, 2017

APPLICATION OF  
APPALACHIAN POWER COMPANY

For approval and certification of the South Abingdon 138 kV Extension Transmission Line Project under Title 56 of the Code of Virginia

### FINAL ORDER

On March 7, 2016, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Washington County and the Town of Abingdon under § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq.*<sup>1</sup>

Appalachian proposes to construct, own, operate, and maintain the South Abingdon 138 kilovolt ("kV") Extension Transmission Line Project ("Project"). The Company states that the Project consists of the construction of a new 138 kV transmission line on new right-of-way, approximately 3.8 miles long, between a tap point on the Company's existing Saltville-Kingsport 138 kV transmission line (approximately one-third of a mile southwest of the Company's existing Abingdon Substation); a new South Abingdon Substation to be constructed on Vances Mill Road in Washington County; and associated improvements to be made at three existing substations in the Abingdon area, including buswork, switches, and related equipment.<sup>2</sup>

On April 5, 2016, the Commission entered its Order for Notice and Hearing ("Procedural Order") which, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the

<sup>1</sup> The Company filed direct testimony and other materials in support of its Application.

<sup>2</sup> Ex. 2 (Application) at 1.

Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and to file testimony and exhibits containing Staff's findings and recommendations; scheduled hearings to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

On July 12, 2016, the Virginia Highlands Airport Authority ("Authority") filed a notice of participation in this proceeding, and on August 17, 2016, the County of Washington, Virginia ("County"), and the Town of Abingdon, Virginia ("Town"), filed notices of participation.<sup>3</sup>

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review. On May 19, 2016, DEQ filed with the Commission its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.<sup>4</sup> The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the proposed Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage regarding its recommendations to protect natural heritage resources, as well as for updates to the Biotics Data System database if six months have passed before the project is implemented;
- Coordinate with the DCR Karst Program regarding its recommendations to protect karst features;
- Coordinate with the Department of Game and Inland Fisheries as necessary regarding its recommendations to minimize impacts to wildlife and natural resources;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with Virginia Department of Health Office of Drinking Water regarding its recommendations to protect public drinking water sources and water utility infrastructure;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendations to protect open-space properties;
- Follow the principles and practices of pollution preventions to the maximum extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>5</sup>

On September 28, 2016, the Respondents filed testimony which, among other things, addressed concern for the portion of the proposed Project which would run above ground perpendicular to the Virginia Highlands Airport runway and the potential negative economic effects the proposed Project could have on local economies.<sup>6</sup>

On October 11, 2016, Staff filed its Motion for Suspension of Procedural Schedule and Request for Expedited Consideration ("Motion"). In support of its Motion, Staff stated that because the Respondents in this proceeding indicated that the Federal Aviation Administration's ("FAA") determination regarding the Project could have an adverse impact on the Virginia Highlands Airport, and because the Commission has a statutory obligation to consider the effect of any proposed transmission line on economic development, it would be premature for Staff to make any recommendation to the Commission before the FAA issued its determination.

Staff's Motion was granted by Hearing Examiner Ruling dated October 19, 2016, which, among other things, suspended the procedural schedule in this proceeding to resume upon motion of the Company.

On April 7, 2017, the Company filed its Motion to Resume Procedural Schedule ("Company's Motion") contemporaneously with its supplemental direct testimony which, among other things, incorporated the FAA determinations and proposed a modification to the Project that would place a portion of the proposed Project underground in the vicinity of the Airport ("Modified Proposed Project"). The Company's Motion also stated that, with the proposed modification, the Respondents have no objection to the Project. The Company's Motion was granted by Hearing Examiner ruling dated April 20, 2017.

On April 7, 2017, the County filed supplemental direct testimony. On April 11, 2017, the Town filed supplemental direct testimony.

On May 10, 2017, Staff filed its testimony and exhibits summarizing the results of its investigation of the Company's Application. Staff concluded that the Company had reasonably demonstrated the need for the proposed Project. Staff also concluded that the Modified Proposed Project minimizes impact on existing residences, scenic assets, historic districts, and the environment.<sup>7</sup>

<sup>3</sup> The Authority, the County, and the Town collectively are referred to herein as the "Respondents".

<sup>4</sup> Ex. 24 (DEQ Report).

<sup>5</sup> *Id.* at 5-6.

<sup>6</sup> *See* Exs. 9-15.

<sup>7</sup> Ex. 23 (Essah Direct) at 34-35.

On May 17, 2017, Appalachian filed rebuttal testimony which, among other things, objected to several of the recommendations of the Virginia Department of Game and Inland Fisheries that were incorporated into the DEQ Report.

On May 31, 2017, the Company, the Respondents, and Staff filed a Stipulation in which the parties and Staff agreed to waive cross-examination on the Company's Application; the Respondents' pre-filed testimony; Staff's direct testimony, including the Staff Report; and the DEQ Report.

Public hearings were convened in Abingdon, Virginia, on June 27, 2016,<sup>8</sup> and October 17, 2016. Public hearings were convened in Richmond, Virginia, on September 7, 2016; October 26, 2016; and November 11, 2016. Written comments also were filed in this proceeding.<sup>9</sup>

On June 20, 2017, a hearing was convened in which Appalachian Power, the Authority, and Staff participated. One public witness testified at the hearing.

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report"), was entered on September 28, 2017. In his Report, the Hearing Examiner found that:

- (1) The Project is justified by the public convenience and necessity;
- (2) There is no existing right-of-way available;
- (3) The Company's preferred route for the transmission line and location for the substation will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned and should be approved;
- (4) The underground segment in the Modified Proposed Project is required to avoid hazardous impacts to aviation navigation and should be approved;
- (5) With two exceptions, the recommendations contained in the DEQ Report are reasonable and should be approved; and
- (6) The proposed Project is essential to support ongoing economic development in the region.<sup>10</sup>

The Company and Respondents each filed letters stating that they concurred with the Hearing Examiner's Report and had no comments thereon.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Modified Proposed Project, which places a portion of the proposed transmission line underground to avoid hazardous impact to aviation navigation. The Commission finds that a certificate of public convenience and necessity authorizing the Modified Proposed Project should be issued, subject to certain findings and conditions contained herein.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

<sup>8</sup> For a list of public witnesses and summaries of their testimony, *see* Report at 4-7.

<sup>9</sup> For a list of written comments, *see* Report at 3.

<sup>10</sup> Report at 19.

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Public Convenience and Necessity

The Commission finds that the proposed Project is necessary to maintain electric service reliability in the Project area due to existing and projected load growth resulting from recent, ongoing, and planned residential, business/commercial, and medical development in the Project area. Staff verified the need for the Project and reached its conclusions by studying: (i) load projections provided in the Application; (ii) transformer and distribution circuit "available capacity" information for relevant distribution circuits found in the Project area; and (iii) transformer ratings and "available winter emergency capacities" provided by the Company.<sup>11</sup> The Commission agrees with the Hearing Examiner that the proposed Project is necessary to address load growth in the area, reduce projected heavy contingency loading, reinforce the existing network, and improve operational flexibility.<sup>12</sup>

#### Economic Development

The Commission finds that the Modified Proposed Project will promote economic development in the Commonwealth of Virginia, including the area of the Modified Proposed Project, by providing more reliable electric power to the area around the Town and County.<sup>13</sup> As found by the Hearing Examiner, the underground portion of the Modified Proposed Project avoids aviation navigation hazards to the regional airport, which is a major economic benefit to the entire region.<sup>14</sup>

#### Rights-of-Way and Routing

The Modified Proposed Project involves a new transmission line terminating at a new substation. There is no existing right-of-way available for consideration.<sup>15</sup> We find that the Company's preferred route minimizes impacts to existing and future residential development, minimizes environmental and visual impacts, and minimizes engineering and constructability concerns.<sup>16</sup>

#### Scenic Assets and Historic Districts

The Commission finds that use of the Company's preferred route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.

#### Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the Modified Proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Modified Proposed Project. The DEQ Report supports a finding that the Company's preferred route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>17</sup> The Commission finds that as a condition of approval herein, the Company must comply with all of DEQ's recommendations as provided in the DEQ Report with the following exceptions. The Commission adopts the Hearing Examiner's recommendations not to implement the DEQ recommendations on the 100-foot vegetative buffer around wetlands and streams, as well as the time-of-year restriction on significant tree removal. Specifically, as found by the Hearing Examiner, the Company shall utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within: (i) 50 feet of all year-round streams, ponds, or wetlands; (ii) 50 feet of road crossings; (iii) 100 feet of water supply wells; and (iv) 25 feet of karst features and outcrops of limestone and dolomite rocks.<sup>18</sup> Where stream banks are disturbed, the Company shall restore the banks by planting low-growing species, where necessary, to prevent erosion.<sup>19</sup>

The restriction on significant tree removal between March 15 and August 15 shall not be approved, except as necessary to accommodate federally or state protected, threatened, or endangered species, as such a restriction would unduly limit the Company's ability to complete the Modified Proposed Project in a timely manner; potentially increase the cost, and raise concerns for worker safety due to the increased likelihood of clearing trees under adverse weather conditions.

<sup>11</sup> Ex. 23 (Essah Direct) at 22.

<sup>12</sup> Report at 17.

<sup>13</sup> *Id.* at 18.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Ex. 23 (Essah Direct) at 23.

<sup>17</sup> The DEQ recommendations are set forth above and discussed in Ex. 24 (DEQ Report).

<sup>18</sup> Report at 18.

<sup>19</sup> *Id.*

Accordingly, IT IS ORDERED THAT:

(1) Appalachian Power is authorized to construct and operate the Modified Proposed Project, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56.265.2, and related provisions of the Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Modified Proposed Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to Appalachian Power:

Certificate No. ET-49g which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Washington County and the Town of Abingdon, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00011; cancels Certificate No. ET-49f, issued to Appalachian Power Company on May 4, 2010, in Case No. PUE-2009-00137.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three (3) copies of an appropriate map that shows the routing of the transmission line approved herein, in addition to the facilities shown on the map cancelled for Certificate No. ET-49f.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Modified Proposed Project approved herein must be constructed and in service by December 31, 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

**CASE NO. PUE-2016-00018  
FEBRUARY 16, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION SOLAR PROJECT IV, INC.

For exemption from or approval to enter into standard interconnection agreements through future exemptions under Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On April 14, 2016, the State Corporation Commission ("Commission") issued a Final Order in the instant proceeding approving the request of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company") to enter into standard interconnection agreements with Dominion Solar Projects IV, Inc. ("Dominion Solar"), and other existing and future subsidiaries of Dominion Energy, Inc. ("DEI"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> subject to certain requirements listed in the Appendix to the Final Order.<sup>2</sup>

On December 20, 2016, the Company and Dominion Solar, on their behalf and on behalf of other existing and future subsidiaries of DEI ("Applicants"), filed with the Commission an application ("Application") for further Commission approval to enter into the following additional standard agreements related to interconnections at distribution-level voltages, which the Applicants state are necessary for the Company and DEI subsidiaries to execute in the event they are interconnected at a distribution level in Virginia and North Carolina: (1) form wholesale distribution service agreements ("WDSAs") for facilities located in Virginia or North Carolina to receive wholesale distribution service from the Company; and (2) standard North Carolina interconnection agreements governing state-jurisdictional distribution-level interconnections for facilities located in North Carolina.<sup>3</sup> The Applicants also request that the Commission approve future exemptions from the filing and prior approval requirements of the Affiliates Act so long as the parties execute standard WDSAs or standard North Carolina interconnection agreements in substantially the form provided with the Application, or as they may be amended from time to time by or in response to applicable Federal Energy Regulatory Commission ("FERC") or North Carolina Utility Commission ("NCUC") order, regulation and/or authority.<sup>4</sup>

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> These Interconnection Agreements govern distribution-level interconnections in Virginia and transmission-level interconnections in Virginia and North Carolina.

<sup>3</sup> Application at 1-2.

<sup>4</sup> *Id.* at 2.

### Standard Interconnection Agreements

The Applicants attached two Interconnection Agreements to the Application. First, the WDSA is used to document the Company's provision of wholesale distribution service to an interconnection customer. The Applicants state that WDSAs would allow Dominion Solar and other DEI subsidiaries to take wholesale distribution service from the Company to enable them to transmit the energy and capacity from their merchant generation projects across the Company's distribution facilities in Virginia or North Carolina to reach PJM Interconnection, L.L.C.'s ("PJM") transmission system on the same basis as unaffiliated third parties.<sup>5</sup>

Second, the North Carolina standard Interconnection Agreements are prescriptive template agreements that are mandated in form and content by the NCUC, per the NCUC's Order in Docket No. E-100, Sub 101.<sup>6</sup> The Applicants state that these Interconnection Agreements would allow DEI subsidiaries to interconnect future merchant generation projects to the Company's distribution system in North Carolina on the same basis as unaffiliated third parties.<sup>7</sup>

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the Company's request to enter into additional standard interconnection agreements with Dominion Solar and other existing and future affiliates, in substantially the form provided with the Application, or as they may be amended from time to time by applicable NCUC and/or FERC order, regulations and/or authority, is in the public interest and is approved, subject to certain requirements listed in the Appendix attached to this Order.<sup>8</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Application is approved as provided herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done in this matter, it hereby is dismissed.

### APPENDIX

(1) The Commission's approval of DVP's request to enter into standard interconnection agreements with Dominion Solar and existing and future affiliates, in substantially the form provided with the Application, or as they may be amended from time to time by applicable NCUC and/or FERC order, regulations and/or authority or by the PJM Open Access Transmission Tariff on file with FERC, shall be limited to five (5) years from the effective date of the Order Granting Approval in this case. Should DVP wish to enter into new standard interconnection agreements with DVP affiliates beyond that date, separate Commission approval shall be required, without terminating or rendering invalid existing interconnection agreements.

(2) The Commission shall limit its approval to the services specifically identified in the Interconnection Agreements filed with the Application.

(3) Separate approval of Affiliate Services Agreements or Affiliate Support Services Agreements shall be required for DVP to provide or receive other services not included in the standard interconnection agreements to or from Dominion Solar and other existing and future affiliates.

(4) The Commission's approval granted in the instant proceeding shall exclude affiliate-generated power sales to DVP for resale.

(5) Separate Commission approval shall be required for any proposed interconnection agreements that do not conform to the standard Interconnection Agreements and which are not subject to separate regulatory approval.

(6) DVP shall be required to maintain records to demonstrate that its Virginia customers are not subsidizing the interconnected affiliates.

(7) The Commission's approval shall have no ratemaking implications. In particular, approval shall not guarantee the recovery of any costs directly or indirectly related to the Interconnection Agreements.

(8) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code.

(9) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by the Commission.

(10) DVP shall be required to file an executed copy of each Interconnection Agreement with the Commission within sixty (60) days of being executed and thereafter listed in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 3. See *In the Matter of Petition for Approval of Revisions to Generator Interconnection Standards*, Docket No. E-100, Sub 101, Order Approving Revised Interconnection Standard (May 15, 2015).

<sup>7</sup> Application at 3.

<sup>8</sup> Consistent with the April 14, 2016 Final Order, the Company is not otherwise exempted from the filing and prior approval requirements of the Affiliates Act to enter into standard Interconnection Agreements.

(11) DVP shall be required to include all transactions associated with the proposed Interconnection Agreements in its ARAT as listed below:

- (a) PUE Order Number (if applicable);
- (b) Footnote reference (if applicable);
- (c) Schedule reference (if applicable);
- (d) Transaction period;
- (e) Affiliate service provider;
- (f) Affiliate service receiver;
- (g) Transaction amounts for each month;
- (h) Transaction amounts for each type of service/transaction for each month;
- (i) Transaction amounts classified by FERC account for each month;
- (j) Type of transaction (credit or debit); and
- (k) Jurisdictional vs. non-jurisdictional notation.

(12) In the event that DVP's annual informational filings, expedited or general rate case applications, or biennial review applications are not based on a calendar year, then DVP shall include the affiliate information contained in its ARAT for the test period in such filings.

(13) DVP shall maintain data showing the physical location of each distribution level interconnection and its serving substation along with interconnection cost data in sufficient detail to assist Commission Staff with cost apportionments for class ratemaking purposes, as may be requested.

**CASE NO. PUE-2016-00020  
MAY 5, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
d/b/a DOMINION VIRGINIA POWER

For approval and certification of Cunningham-Dooms 500 kV Transmission Line Rebuild under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On March 2, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification for transmission facilities in connection with the proposed rebuild of the Cunningham-Dooms Line #534 ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

According to the Application, the Company proposes to rebuild, entirely within its existing right-of-way ("ROW"), approximately 32.7 miles of its existing 500 kV Cunningham-Dooms Line #534 ("Cunningham-Dooms Line") transmission line in Fluvanna, Albemarle, and Augusta Counties located between the Company's existing Cunningham Switching Station in Fluvanna County and its existing Dooms Substation in Augusta County (collectively, the "Rebuild Project").<sup>1</sup>

On March 30, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted the opportunity for interested persons to request a hearing, comment on the Application, and participate in the proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing the Staff's findings and recommendations; and assigned a Hearing Examiner to conduct all further proceedings in this matter. No notices of participation were filed in this proceeding. Twenty-one interested persons filed comments requesting a local public hearing on the Company's Application. By Hearing Examiner's Ruling issued July 1, 2016, a local public hearing in Charlottesville, Virginia, was scheduled on August 8, 2016, for the receipt of public witness testimony, and the Company was directed to file supplemental testimony addressing any public witness testimony during the local public hearing by September 2, 2016.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Project by the appropriate agencies and to provide a report on the review. On May 12, 2016, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Rebuild Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, for areas that do not have confirmed field delineations and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database;

<sup>1</sup> Application at 2.

- Coordinate with the DCR Karst Program regarding its recommendations to protect karst features;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for a mussel survey and to protect other wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendations to protect open-space properties;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendations to protect scenic and recreational resources;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Department of Aviation regarding its recommendations to ensure airport safety;
- Coordinate with the Department of Health on the implementation of mitigation measures to protect water supplies;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with the Thomas Jefferson Planning District regarding its request for consideration of structures to allow broadband service use.<sup>2</sup>

On July 14, 2016, Staff filed testimony and an attached Staff Report, summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion had reasonably demonstrated the need for the proposed Rebuild Project.<sup>3</sup> Staff recommended that the Company's rebuttal testimony address the feasibility of using structures with a dulled finish and quantify any incremental costs associated therewith.<sup>4</sup>

On July 28, 2016, Dominion filed rebuttal testimony in which the Company stated that, with the exception of a few clarifying points, it agrees with the Staff Report.<sup>5</sup> The Company further stated that it can address the recommendations identified in the DEQ report and will coordinate with all relevant agencies.<sup>6</sup> With respect to dulling the finish of the transmission towers, the Company states that while technically and commercially feasible, the Company does not support the use of a chemical post-treatment process to dull the galvanized finish of the transmission towers.<sup>7</sup> The Company states that improper application of the chemical treatment could result in a shortened service life for the galvanized coating on the steel lattice towers.<sup>8</sup> The Company further states that the galvanized towers will dull out naturally over time, within four to five years, reaching the same level of general appearance as galvanized steel that has received the chemical dulling treatment.<sup>9</sup>

On August 8, 2016, a public hearing was held in Charlottesville, Virginia. Twenty-three public witnesses appeared and testified at the hearing.

On September 2, 2016, the Company filed the Supplemental Testimony of Gerald W. Jackson responding to the public witness testimony received during the local public hearing. Company witness Jackson reiterated the Company's position regarding the use of chemically-dulled galvanized steel towers.

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on November 9, 2016. In his Report, the Hearing Examiner found that: the proposed Rebuild Project is justified by the public convenience and necessity; the proposed Rebuild Project will maximize the use of existing ROW; the recommendations contained in the DEQ Report are reasonable and should be adopted by the Commission as conditions of approval; the proposed Rebuild Project is essential to support ongoing economic development and overall system reliability; the proposed Rebuild Project is not suitable for underground construction; and the proposed Rebuild Project, with its use of existing ROW and tower design, reasonably mitigates the overall impact and generally improves the aesthetics of the proposed Rebuild Project.<sup>10</sup> The Hearing Examiner further found that requiring the Company to use a chemical dulling process on the newly installed towers is unwarranted.<sup>11</sup> The Report noted that the new towers would dull naturally over a few years and that detrimental effects of the chemical dulling process on the towers' life span were unknown.<sup>12</sup>

<sup>2</sup> DEQ Report at 6-7.

<sup>3</sup> Staff Report at 18.

<sup>4</sup> *Id.* at 18-19.

<sup>5</sup> Rebuttal Testimony of Amanda M. Mayhew at 2.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> Rebuttal Testimony of Robert B. Smith at 6.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> Report at 23.

<sup>11</sup> *Id.* at 22.

<sup>12</sup> *Id.*



On December 21, 2016, Staff filed a Motion to Take Judicial Notice ("Motion") requesting that the Commission take judicial notice in this proceeding of the Hearing Examiner's Ruling issued on October 20, 2016, in Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080, and PUE-2015-00087<sup>13</sup> approving for implementation a pilot program being conducted by Dominion to test the darkening chemical called Natina® on certain galvanized tower structures located on the Company's Dooms-Lexington transmission line. On January 12, 2017, Dominion responded to the Motion and on January 30, 2017, Staff filed a reply.

On March 2, 2017, the Commission issued an Order Directing Supplemental Filings related to the chemical dulling of the tower structures. The Company and Staff subsequently made the filings directed therein.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project, and that certificates of public convenience and necessity authorizing the Rebuild Project should be issued subject to the findings and conditions contained herein.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." Code §56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing ROW easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Need

The Commission finds that the Company's proposed Rebuild Project is needed. No party has challenged the need for the proposed Rebuild Project. The record reflects that completing the Rebuild Project would replace aging infrastructure that is nearing the end of its expected service life and maintain the reliability of the grid.<sup>14</sup>

#### Economic Development

The Commission finds that the proposed Rebuild Project will promote economic development in the Commonwealth of Virginia by maintaining the operations reliability of the transmission line and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

#### Rights-of-Way and Routing

Dominion has adequately considered existing ROW. If approved, the proposed Project would be located entirely within existing ROW.<sup>15</sup>

<sup>13</sup> *Petition of James W. Gercke v. Virginia Electric and Power Company, et al.*, Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080, PUE-2015-00087, Hearing Examiner's Ruling (Oct. 20, 2016).

<sup>14</sup> See, e.g., Prefiled Testimony of Armando de Leon at 10-15; Application, Appendix at 1-6.

<sup>15</sup> Application, Appendix at 37.

### Scenic Assets and Historic Districts

During the local public hearing in this proceeding, public witnesses expressed concern about the impact of the proposed galvanized finish of the steel tower structures on scenic and historic assets in the Rebuild Project area.<sup>16</sup> While technically and commercially feasible, the Company does not support use of a chemical post-treatment process to dull the galvanized finish of the tower structures.<sup>17</sup> In particular, the Company expressed concern regarding the risk that such treatment would harm the galvanized coating of the steel, resulting in a shortened life of the tower structures.<sup>18</sup> Staff's investigation revealed no reports of additional service life or maintenance issues with chemically-dulled structures.<sup>19</sup>

After consideration of the record including the required supplemental filings, the Commission will require chemical dulling of the tower finish for this particular Rebuild Project under the circumstances of this case to mitigate the visual impacts of the Rebuild Project. The Commission further notes in regard to impacts on scenic and historic districts that the Rebuild Project will be located within existing ROW. The Commission finds that use of the existing route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.

### Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>20</sup> We therefore find that, as a condition to our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report. Further, Dominion should be required to obtain all necessary environmental permits and approvals needed to construct and operate the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power is authorized to construct and operate the Rebuild Project, as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to Dominion:

Certificate No. ET-58m, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Albemarle County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-58m cancels Certificate No. ET-58l issued to Virginia Electric and Power Company on January 25, 2012, in Case No. PUE-2011-00039.

Certificate No. ET-64x, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Augusta County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-64x cancels Certificate No. ET-64w issued to Virginia Electric and Power Company on March 25, 2014, in Case No. PUE-2013-00118.

Certificate No. ET-81k, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Fluvanna County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-81k cancels Certificate No. ET-81j issued to Virginia Electric and Power Company on December 22, 2014, in Case No. PUE-2014-00007.

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<sup>16</sup> Report at 10-17.

<sup>17</sup> Rebuttal Testimony of Robert B. Smith at 3-8; Supplemental Testimony of Gerald W. Jackson, Response to August 8, 2016 Public Hearing Testimony and Public Witness Comments in Cunningham-Dooms 500 kV Transmission Line Rebuild Project; Supplemental Testimony of Robert B. Smith, Response of Dominion Virginia Power to March 2, 2017 Order Directing Supplemental Filing in Cunningham-Dooms 500 kV Transmission Line Rebuild Project; Response of Dominion Virginia Power to Staff's Supplemental Filing of March 30, 2017, in Cunningham-Dooms 500 kV Transmission Line Rebuild Project.

<sup>18</sup> The Commission is aware of an on-going pilot project to test the application of Natina<sup>®</sup>, a darkening agent, on two tower structures on the Dooms-Lexington Line, and as requested by Staff and unopposed by the Company, took judicial notice of the Hearing Examiner's October 20, 2016 Ruling in Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080 and PUE-2015-00087. Order Directing Supplemental Filings at 5 n.18 and 7.

<sup>19</sup> See, e.g., Staff Supplemental Filing on the Application of Virginia Electric and Power Company for approval and certification of electric facilities, Cunningham-Dooms 500 kV transmission line rebuild, at 1-26.

<sup>20</sup> The DEQ recommendations are set forth above and discussed in the DEQ Report.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three (3) copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate Nos. ET-58l, ET-64w, and ET-81j.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by June 1, 2019. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter is dismissed.

**CASE NO. PUE-2016-00021  
DECEMBER 21, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Line # 65 rebuild across the Rappahannock River

**ORDER**

On February 29, 2016, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to construct and operate an electric transmission line in the counties of Lancaster, Virginia, and Middlesex, Virginia, and across the Rappahannock River. Dominion filed the Application pursuant to Code § 56-46.1 and the Utility Facilities Act, Code § 56-265.1 *et seq.*

In the Application, the Company proposed to rebuild approximately 2.2 miles of the Company's existing 115 kilovolt ("kV") transmission line, Harmony Village-Northern Neck Line #65, located between Harmony Village Substation in Middlesex County and White Stone Substation in Lancaster County ("Proposed Project").<sup>1</sup> The portion of Line #65 that the Company proposed to rebuild included an approximately 1.9-mile crossing of the Rappahannock River at the Robert O. Norris Bridge ("Norris Bridge"), with the remaining 0.3 mile of the Proposed Project on land.

For the river crossing, the Proposed Project would replace a total of seven existing wooden H-frame electric transmission structures located east of the Norris Bridge in the Rappahannock River, and 14 existing attachments to the Norris Bridge, with 10 galvanized steel H-frame structures that would be located in the Rappahannock River. As proposed, Line #65 would no longer be attached to the Norris Bridge. The new structures would be located approximately 100 feet east of the Norris Bridge in a right-of-way permitted by the Virginia Marine Resources Commission ("VMRC").<sup>2</sup>

The height of the existing structures in the river is approximately 83 feet, while the heights of the proposed structures in the river range from approximately 102 to 173 feet.<sup>3</sup> The new galvanized steel structures would be erected on concrete pilings capped with concrete foundations, the tops of which would be approximately 22 feet above the zero elevation water line.<sup>4</sup> Additionally, a fender system would be installed in front of the two structures that would be located on either side of and parallel to the navigational channel.<sup>5</sup>

On the Lancaster side of the Rappahannock River, the Company proposes to replace one existing wooden three-pole structure, approximately 48 feet in height, with a galvanized steel three-pole structure, approximately 55 feet in height, that would be located in the existing right-of-way.<sup>6</sup> On the Middlesex side of the Rappahannock River, the Company proposes to replace four existing wooden monopole structures, with heights ranging from approximately 61 to 70 feet, with one double deadend galvanized steel monopole and two weathering steel monopoles, with heights ranging from 79 to 82 feet, that would be located in the existing right-of-way.<sup>7</sup>

<sup>1</sup> The Commission previously determined that a planned rebuild of this portion of Line #65 requires a certificate of public convenience and necessity. *Petition of William C. Barnhardt, For a declaratory judgment and injunctive relief*, Case No. PUE-2015-00109, Final Order (Dec. 11, 2015).

<sup>2</sup> Exhibit No. 8 (Application), Appendix at 1-2. The Company's Application indicates that rebuilding Line #65 in the proposed right-of-way required legislative action to vacate public oyster grounds, also known as Baylor Grounds. *Id.* at 126 (citing 2015 Va. Acts Ch. 377).

<sup>3</sup> *Id.*, Appendix at 129-30.

<sup>4</sup> *Id.*, Virginia Department of Environmental Quality ("DEQ") Supplement at 3.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.*, Appendix at 1, 129-30.

<sup>7</sup> *Id.*

As part of the Proposed Project, Dominion would also replace 2.2 miles of existing conductor and one static wire on Line #65 with approximately 2.2 miles of new conductor and two shield wires.<sup>8</sup> The Company estimates the total cost of the Proposed Project to be approximately \$26.2 million.<sup>9</sup> According to the Application, the Proposed Project is needed to maintain electric transmission system reliability and to address structural and operational deficiencies associated with the existing structures and bridge attachments identified in the Application. The Application indicates that the existing structures and bridge attachments, which were originally installed in 1962, must be replaced to address the risk associated with their age, condition, and proximity to the Norris Bridge.<sup>10</sup>

In addition to the Proposed Project, which Dominion requests Commission approval of, the Application indicates that the Company has identified a 230 kV overhead alternative and an underground alternative for the Commission's consideration.<sup>11</sup> According to the Company, 230 kV construction would require, among other things, structures taller than would be constructed for the 115 kV Proposed Project.<sup>12</sup> The Company indicates that an underground crossing of the Rappahannock River would require, among other things, two transition stations, one on each side of the river crossing in Lancaster and Middlesex Counties.<sup>13</sup> The Company estimates that the cost of the 230 kV and underground alternatives would be approximately \$26.3 million and \$83.6 million, respectively.<sup>14</sup>

On March 18, 2016, the Commission entered its Order for Notice and Hearing in which, among other things, the Commission scheduled public hearings to be held at Lancaster Middle School in Kilmarnock, Virginia, on July 6, 2016; scheduled a public hearing in Richmond to begin on September 20, 2016; and appointed a Hearing Examiner to conduct all further proceedings in this matter and to file a final report.

On April 21, 2016, the County of Lancaster, Virginia ("Lancaster County") filed its Notice of Participation. On May 18, 2016, William C. Barnhardt ("Barnhardt") filed his Notice of Participation. On May 27, 2016, Old Dominion Electric Cooperative ("ODEC") filed its Notice of Participation. On June 3, 2016, the Save the Rappahannock Coalition, Inc. ("Coalition"), filed its Notice of Participation.

On June 22, 2016, Barnhardt filed his Motion to Require Applicant to Supplement Application with Additional Alternatives ("Alternatives Motion"). Specifically, Barnhardt asked that Dominion be directed to supplement its Application to address the following three alternatives: (i) installing a set of insulated transmission lines on the Norris Bridge ("Barnhardt Option 1"); (ii) installing insulated transmission lines in a shallow trench across the river in conjunction with horizontally drilled pathways from the north and south banks traversing shallow depths adjacent to the banks ("Barnhardt Option 2"); and (iii) laying insulated cables on the river bottom itself, in conjunction with horizontally drilled pathways from the north and south banks traversing shallow depths adjacent to the banks ("Barnhardt Option 3"). On July 8, 2016, responses to the Alternatives Motion were filed by Dominion, Lancaster County, the Coalition, and Staff. Barnhardt filed his reply on July 15, 2016.

In a Senior Hearing Examiner's Ruling dated July 22, 2016, Dominion was directed to conduct further study of Barnhardt Option 1 and Barnhardt Option 2, and the procedural schedule was continued pending further Commission ruling or order. The procedural schedule was revised in a Hearing Examiner's Ruling dated August 3, 2016, which, among other things, established March 1, 2017, as the date for the public hearing in this matter. Additionally, in a Senior Hearing Examiner's Ruling dated August 24, 2016, the end of the period for public comment was extended to March 1, 2017.

On November 16, 2016, Barnhardt filed his Motion for Prehearing Conference asking that a prehearing conference be held "for the purpose of considering the effect, if any, that the [Virginia Department of Transportation ("VDOT")] response can and should have on the currently scheduled proceedings in this case." In a Senior Hearing Examiner's Ruling dated November 18, 2016, a telephonic prehearing conference was scheduled for December 8, 2016. On November 30, 2016, Lancaster County filed its Motion to Further Revise Procedural Dates in which it proposed new procedural dates to provide the respondents and Staff with an opportunity to address input from VDOT on the feasibility of Barnhardt Option 1. On December 7, 2016, Barnhardt filed a Motion Relating to Virginia Department of Transportation, asking that VDOT be invited to participate as a party or, in the alternative, that Staff be directed to forward additional questions and concerns to VDOT.

On December 8, 2016, a telephonic prehearing conference was held as scheduled. Based on the discussions during the prehearing conference, the procedural schedule was revised to provide respondents with additional time to address input from VDOT in a Senior Hearing Examiner's Ruling dated December 12, 2016. This ruling rescheduled the public hearing in this matter from March 1, 2017, to March 15, 2017, and provided for an invitation to VDOT to provide a witness for the public hearing.

On March 6, 2017, certain respondents filed a Joint Motion to Hold Date for Evidentiary Hearing in Abeyance, to Conduct a Prehearing Conference, and for Expedited Consideration. Among other things, these respondents asked that the hearing be held in abeyance pending the outcome of a prehearing conference, and that the prehearing conference be scheduled for the week of March 6, 2017. In a Senior Hearing Examiner's Ruling dated March 6, 2017, a prehearing conference was scheduled for March 7, 2017. On March 7, 2017, a prehearing conference was held as scheduled. Based on the discussions during the prehearing conference, a Senior Hearing Examiner's Ruling dated March 8, 2017, revised the procedural schedule to: (i) retain the currently scheduled hearing date of March 15, 2017, for the purpose of receiving the testimony of public witnesses; (ii) schedule the public hearing for this

<sup>8</sup> *Id.* at 2. The Proposed Project would replace three-phased 477 ACSR (24/7) conductor with three-phased 900 ACSS/TW/HS-285/MM (20/7) conductor. *Id.*

<sup>9</sup> *Id.* at 3. This estimate includes the cost to relocate an approximately 0.2-mile distribution line that the Company indicates would be necessary as part of the Proposed Project. *Id.* at 4.

<sup>10</sup> *Id.*, Appendix at 1-6.

<sup>11</sup> *Id.* at 4. The Company's Application indicates that, pursuant to Code § 15.2-2202 D, the Company has advised Lancaster and Middlesex officials of its intention to file the Application. *Id.*, Appendix at 151, 154-57.

<sup>12</sup> Exhibit No. 34 (Mayhew Direct) at 5-7.

<sup>13</sup> *Id.* at 7-9.

<sup>14</sup> *Id.* at 6, 9.

matter to begin on April 18, 2017; (iii) end discovery on March 24, 2017; and (iv) extend the deadline for public comments concerning this matter to April 18, 2017.

Senior Hearing Examiner Alexander F. Skirpan, Jr., convened the hearing in this matter as scheduled on April 18, 2017. Pursuant to the Senior Hearing Examiner's direction at the close of the hearing, post-hearing briefs were filed by the parties on June 13, 2017.

The Senior Hearing Examiner issued a 115-page Report in this matter on August 21, 2017. In his Report, the Senior Hearing Examiner recommended the Commission find that:

- 1. There is a need to replace the aging and deteriorating transmission Line #65 as it crosses the Rappahannock River at and on the Norris Bridge;
- 2. None of the on-bridge variations met the identified needs for the project;
- 3. The Underground Option and Trenching Options should be sized base on a design starting point of 217 MVA to satisfy the identified need;
- 4. The Underground Option or Soleski Variation 3 best satisfies the statutory requirement that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned; and
- 5. The recommendations contained in the Second DEQ Report, filed on January 12, 2017, should be adopted by the Commission as conditions of approval.<sup>15</sup>

Comments on the Senior Hearing Examiner's Report were filed on September 18, 2017 by the Company, Barnhardt, Lancaster County, ODEC and the Coalition.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

The statutory scheme governing the Company's Application is found in several chapters of the Code, including Code §§ 56-265.2 A, 56-46.1 A, B, C, and D, and 56-259 C.

Code § 56-265.2 A provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code §§ 56-46.1 A, B, C, and D further direct the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides, in part, that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Subsection B of this statute further provides, in part, that:

As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned . . . . In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation . . . . Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

Subsection D directs that "[e]nvironment' or 'environmental' shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

The Code also requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C states that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

<sup>15</sup> Senior Hearing Examiner's Report at 114.

### Proposed Project

The Commission finds that there is a need to replace the 2.2-mile segment of Line #65, which includes an approximately 1.9-mile crossing of the Rappahannock River at the Norris Bridge, that is the subject of this proceeding. As exemplified by the detailed analysis presented in the Senior Hearing Examiner's Report, there are distinctive characteristics attendant to this particular project. Unlike many other transmission line projects, this one is not requested in order to meet an expanding electrical load. Rather, as found by the Senior Hearing Examiner, this segment of Line #65 needs to be replaced because of its extensive out-of-service conditions.<sup>16</sup>

The Senior Hearing Examiner summarized the current configuration of this segment of Line #65 as follows:

The Rappahannock River crossing segment of Line # 65 was built in 1962, is suspended by wooden structures in the river, and attached to the Norris Bridge, which was completed in 1957. This segment of Line # 65 is part of a transmission network serving approximately 19,000 customers in the Northern Neck. When the Rappahannock River crossing segment of Line # 65 is out of service, these customers are served by a 29.4-mile radial line. If an outage also occurs on the radial line, customers would experience outages for a longer duration. Moreover, radial operation makes it more difficult to schedule maintenance to maintain reliability on line.<sup>17</sup>

Since 2010: (i) the Rappahannock River crossing segment of Line #65 has been de-energized over 50% of the time due to VDOT maintenance;<sup>18</sup> and (ii) there have been at least seven unplanned outage events that have also occurred on this line.<sup>19</sup> Inspection reports and photographic evidence also illustrate the deterioration on this segment.<sup>20</sup> The existing wood pile foundations exhibit hour glassing, checking and splitting, and the insulators on the bridge davit arms have reached the end of their service lives.<sup>21</sup>

Having determined that this segment needs to be replaced, the Commission now turns to the needed capacity, and the route, for such replacement. In this regard, the Supreme Court of Virginia has explained that the Commission is not required to consider need and route in separate, independent vacuums:

Next, BASF argues that the Commission erred as a matter of law by weighing the need . . . against the adverse impacts of [the route]. . . . The adverse impacts of a proposed project are not to be considered in a vacuum. When presented with an application for transmission line construction, the Commission must balance adverse impacts along with other factors and traditional considerations. Then the Commission, as a tribunal informed by experience, must decide within the parameters of the statute what best serves the total public interest. We conclude that the use of the word reasonably demonstrates the General Assembly's recognition of the multifactorial balancing that goes into such an investigation, and we find that the Commission did not err.<sup>22</sup>

As noted above, the segment of Line #65 that crosses the Rappahannock River is currently operated at 115 kV. As to needed capacity, the current capacity of this 115 kV segment has a summer rating of 147 megavolt amperes ("MVA") and a winter rating of 185 MVA.<sup>23</sup> At its current capacity, this segment can carry approximately double the power of recent historic peak loads and three times the capacity needed to handle recent summer peaks.<sup>24</sup> The following chart, taken from the Senior Hearing Examiner's Report, shows the current capacity for the entirety of Line #65.<sup>25</sup>

Line Conductor	Mileage and Percent of Total Line Length	Summer Emergency Rating
1033 ACSR (45/7) @ 150C	0.04 miles (0.1%)	353 MVA
1534 ACAR (42/19) @ 90C	3.34 miles (9.1%)	292 MVA
477 ACSR (24/7) @ 90C	2.20 miles (6.0%)	147 MVA
477 ACSR (24/7) @ 90C	1.77 miles (4.8%)	147 MVA
1534 ACAR (42/19) @ 75C	4.30 miles (11.7%)	274 MVA
477 ACSR (24/7) @ 150C	25.05 miles (68.3%)	217 MVA

<sup>16</sup> *Id.* at 91-93.

<sup>17</sup> *Id.* at 92.

<sup>18</sup> *Id.* (citing Company's Post-Hearing Brief at 9; Exhibit No. 16 at 5).

<sup>19</sup> *Id.* at 92-93 (citing Exhibit No. 16 at 5).

<sup>20</sup> *Id.* at 93 (citing Exhibit No. 23, Attached Supplemental Direct Schedule 1).

<sup>21</sup> *Id.* (citing Exhibit No. 84 at 8; Staff's Post-Hearing Brief at 9).

<sup>22</sup> *BASF Corp. v. State Corp. Com'n*, 289 Va. 375, 394-95 (2015) (citations and internal quotation marks omitted).

<sup>23</sup> Senior Hearing Examiner's Report at 94 (citing Exhibit No. 60). Staff witness Cizenski also explained that in evaluating capacity requirements "[f]or transmission lines, capacity or apparent power is usually expressed in units of megavolt amperes, or MVA. Power in MVA is defined as the line-to-line voltage, times the current, times the square root of 3." Tr. 1065.

<sup>24</sup> Senior Hearing Examiner's Report at 94 (citing Staff's Post-Hearing Brief at 12, 16).

<sup>25</sup> *Id.* (citing Exhibit No. 84, Attached Appendix A, Staff Interrogatory 10-71). The 2.2-mile segment at issue in this proceeding is shown on the third row of the chart.

Dominion confirmed that its transmission planning department specified a rating of 217 MVA for the rebuild of the Rappahannock River segment of Line #65.<sup>26</sup> The actual alternatives proposed by the Company for this project are higher, ranging from 340 MVA to 437 MVA.<sup>27</sup> The Senior Hearing Examiner, however, found that such an increase in capacity was not required based on the record.<sup>28</sup> We agree. This segment of the line is not being replaced due to a capacity problem. The current capacity of the Rappahannock River crossing is adequate to meet existing and projected load.<sup>29</sup> Accordingly, the Commission finds that the minimum summer rating for the replacement line need not be greater than 217 MVA, which was specified by the Company's transmission planning department and recommended by the Senior Hearing Examiner.<sup>30</sup> The replacement line will continue to be operated at 115 kV.

As to route, the specific characteristics of this segment differentiate it from other transmission line proposals and informs the multifactorial balancing that the Commission undertakes herein. Due in part to the uniqueness of this particular project, no less than 15 alternatives for rebuilding this segment were evaluated in this proceeding.<sup>31</sup> Based on the totality of the circumstances established in the record of this case, the Commission finds that underwater construction designed for 217 MVA as directed herein satisfies the statutory requirements and best serves the total public interest within the parameters of the statute.<sup>32</sup> This finding includes consideration of, among other things: need; cost; reliability; the environment; scenic assets; historic districts; health and safety of the persons in the area; economic development; local comprehensive plans; proposed method of installation; possible impediments to timely construction; and rights-of-way.<sup>33</sup>

This particular line segment possesses additional attributes, which have gone into the Commission's multifactorial balancing, that further distinguish this project from other transmission line requests. For example, unlike other cases, the health and safety of the public would be directly impacted by introducing fixed objects (transmission towers and fenders) in the river at this location adjacent to the Norris Bridge, where boating is so prevalent that it is considered a cornerstone of the local economy.<sup>34</sup> This segment is also uncommon in that it runs alongside a bridge that not only serves as a principal entrance to the Northern Neck, but that also stands at a substantial height and length. In addition, this area is significantly impacted by this river, and this bridge, at this location.

There is another factor that distinguishes this particular project. This is not a new transmission line, but a replacement of an existing line that for decades has been attached to a highway bridge rather than being suspended from free-standing towers across the Rappahannock River. The current configuration of the line – attached to an existing bridge of substantial height and length – has served to minimize the impacts of the line. As found by the Senior Hearing Examiner, however, attachment of the replacement line to the Norris Bridge is no longer feasible in that it does not meet the need identified herein.<sup>35</sup> Increased maintenance, inspections, and superstructure study by VDOT will result in extended outages of the line if attached to the bridge, which may further result in violation of mandatory North American Reliability Corporation ("NERC") reliability standards.<sup>36</sup> Given that attachment to the Norris Bridge is no longer feasible, the Commission finds that the underwater construction as approved herein reasonably minimizes adverse impacts of the replacement line.

In approving underwater construction, the Commission further notes that it has both rejected and approved prior proposals for underwater river crossings. For example, the Commission rejected an underwater crossing of the James River when it was not technically viable to construct and operate the 4,300 MVA of needed capacity underwater.<sup>37</sup> Conversely, the Commission approved a lower-capacity (230 kV), 3-mile underwater crossing of the York River.<sup>38</sup> In the instant proceeding, as in the York River case, it is technically viable to construct and operate the needed transmission line under the

<sup>26</sup> *Id.* (citing Exhibit No. 95 at 9).

<sup>27</sup> *Id.* at 95.

<sup>28</sup> *Id.*

<sup>29</sup> As further noted by the Senior Hearing Examiner, Coalition witness Ormesher also adjusted the highest peak demand for an annual growth of 1.5% (from Dominion's Integrated Resource Plan) for 40 years and found that peak demand remained well under a capacity of 147 MVA. *Id.* (citing Coalition's Post-Hearing Brief at 43; Exhibit No. 61; Ormesher, Tr. at 789-90).

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 88-89.

<sup>32</sup> As recommended by the Senior Hearing Examiner, the recommendations contained in the Second DEQ Report are adopted as requirements of our approval herein. *Id.* at 114.

<sup>33</sup> *See, e.g.*, Code §§ 56-46.1 A, B, C, and D; 56-259 C; and 56-265.2 A. For additional explanation of these considerations under the statute, see the Senior Hearing Examiner's Report at 88-114.

<sup>34</sup> *See, e.g.*, Senior Hearing Examiner's Report at 108.

<sup>35</sup> Senior Hearing Examiner's Report at 94.

<sup>36</sup> *Id.*

<sup>37</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station*, Case No. PUE-2012-00029, Final Order (Nov. 26, 2013).

<sup>38</sup> *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq., Hayes-Yorktown 230 kV transmission line*, Case No. PUE-2009-00049, Final Order (June 18, 2010). In the York River proceeding, Dominion explained that "aesthetic and transportation concerns led the Company to proceed with a plan for the submarine crossing of the York River," and that authorization for the underwater crossing of the York River was also provided by the Virginia General Assembly and VMRC. *See id.*, Exhibit No. 8 at 3.

Rappahannock River. The underwater route approved herein shall utilize the technology recommended by Dominion for this purpose, which has been previously used by the Company for other underwater crossings, including the York River crossing.<sup>39</sup> Specifically, this technology utilizes high-pressure, fluid-filled ("HPFF") cables installed below the riverbed by a horizontal directional drill ("HDD") construction method.<sup>40</sup>

The Commission has also fully considered the facts and argument in opposition to underwater construction, including but not limited to adverse impacts, additional cost estimates, reliability differences, NERC requirements, Baylor Grounds, additional construction, transition stations, and rights-of-way. The Commission concludes, however, that there is evidence in the record to support our finding that the transmission line approved herein, among other things, complies with statutory requirements, reasonably minimizes adverse impacts as directed by statute, and best serves the total public interest within the parameters of the statute.<sup>41</sup>

Finally, the Commission's approval herein is conditioned upon Dominion receiving the additional approvals necessary for underwater construction. This may include, among others, authorization from the VMRC, the United States Army Corps of Engineers, and the Virginia General Assembly.<sup>42</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved to the extent provided herein.

(2) Within one hundred twenty (120) days from the date of this Order, the Company shall file in this docket an update on the status of any additional approvals necessary for the project approved herein. Such update shall be served on all parties to this proceeding and the Commission's Staff pursuant to 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure.

(3) This matter is continued pending further order of the Commission.

<sup>39</sup> See, e.g., Senior Hearing Examiner's Report at 100; Dominion's Sep. 18, 2017 Comments at 27-28.

<sup>40</sup> As approved herein, this option will have a design capacity of 217 MVA operated at 115 kV and, based on the Company's preferred technology, would also be capable of operating at 230 kV.

<sup>41</sup> See, e.g., *BASF Corp.*, 289 Va. at 402 ("Here, the record is not without evidence to support the Commission's choice of location for the route in light of all competing considerations under the governing legal standards – including but not limited to adverse impacts on the scenic assets, historic districts and environment of the affected area."). See also *Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.").

<sup>42</sup> See, e.g., Senior Hearing Examiner's Report at 109.

**CASE NO. PUE-2016-00033  
MARCH 17, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For authority to increase rates and charges and to revise the terms and conditions applicable to gas service

**FINAL ORDER**

On April 29, 2016, Columbia Gas of Virginia, Inc. ("Columbia" or "Company") filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective for the first billing unit of October 2016, and to revise other terms and conditions applicable to its gas service ("Application"). Columbia's Application advised that the proposed rates and charges were designed to increase the Company's annual non-gas base revenues by approximately \$37 million per year, which included \$7 million already being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy Plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.* ("SAVE Act").<sup>1</sup> Columbia stated the requested increase in annual non-gas base revenues reflected its costs and revenues for the test year ended December 31, 2015 ("Test Year"); the increase in the Company's rate base since its last base rate increase in 2014;<sup>2</sup> an updated capital structure and requested return on equity ("ROE") of 11.25%; and certain rate year adjustments that reasonably could be predicted to occur during the 12 months ending September 30, 2017 ("Rate Year"), as permitted by Code § 56-235.2.<sup>3</sup>

On May 17, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; scheduled a hearing on the Application; established a procedural schedule for parties to file testimony and exhibits; permitted the Company to

<sup>1</sup> Exhibit 2 (Application) at 1. In accordance with the SAVE Act, Columbia proposed to include recovery of the \$7 million of SAVE investments in base rates and reset the SAVE surcharge to zero coincident with the implementation of the proposed rates. *Id.*

<sup>2</sup> See *Application of Columbia Gas of Virginia, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2014-00020, 2015 S.C.C. Ann. Rpt. 205, Final Order (Aug. 21, 2015) ("2014 Rate Case").

<sup>3</sup> Exhibit 2 (Application) at 5.



implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after the first billing unit of October 2016; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

Retail Energy Supply Association, Stand Energy Corporation, Enspire Energy, and NOVEC Energy Solutions, Inc. ("NOVEC")<sup>4</sup> (collectively, "Retail Respondents"); Virginia Industrial Gas Users' Association ("VIGUA"); the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Direct Energy Business Marketing, LLC ("Direct Energy"),<sup>5</sup> filed notices of participation in this proceeding.

On October 17, 2016, VIGUA, Direct Energy, Consumer Counsel, and the Retail Respondents filed testimony in accordance with the Procedural Order. The Commission's Staff ("Staff") filed testimony on November 8, 2016; and Columbia filed rebuttal testimony on December 19, 2016.<sup>6</sup> On January 12, 2017, Columbia filed a Stipulation and Proposed Recommendation ("Stipulation") with the Commission signed by the Company, Staff, and all of the parties in the proceeding. The Stipulation resolved all of the outstanding issues among the participants in the proceeding and provided, in part: (i) the Company's earned return for the 2015 Test Year fell below the midpoint of the authorized ROE range of 9.0% to 10.0% established in the 2014 Rate Case and, therefore, does not result in the accelerated write-off of any regulatory assets; (ii) the increase in the Company's jurisdictional non-gas base revenue requirement will be \$28.5 million (\$24.5 million net of the Company's SAVE Plan costs), with the resulting rates shown on Attachment I to the Stipulation and the customer bill impact shown on Attachment II to the Stipulation; (iii) the Company agrees to adopt the capitalization ratios supported in the testimony of Staff witness Gereaux, with the short-term debt cost rate based on the three months ending October 31, 2016, as supported by the rebuttal testimony of Company witness Rea; (iv) for purposes of determining the revenue requirement in any application or filing, other than an application for a change in base rates, wherein a revenue requirement determination is needed, the Company will use an authorized ROE range of 9.0% to 10.0% with a midpoint of 9.5%, and the Company's overall weighted average cost of capital will be 7.47% effective October 2016; (v) the midpoint of 9.5% will be used in Earnings Test analyses beginning October 2016; and (vi) for the proration methodology issue, the Company agrees to seek a Private Letter Ruling, with the assistance of Staff, regarding Staff's proposed application of applicable Treasury Regulations to the calculation of Rate Year accumulated deferred income taxes in rate base.

On January 18, 2017, the Chief Hearing Examiner convened an evidentiary hearing on the Application and admitted the Stipulation and other evidence into the record.

On February 8, 2017, the Chief Hearing Examiner issued the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report") finding that:

- (1) The terms of the Stipulation offer a fair and reasonable resolution of the issues in this case;
- (2) The non-gas base revenue requirement should be increased by \$28.5 million (\$24.5 million net of the Company's SAVE Plan costs);
- (3) An authorized ROE range of 9.0% to 10.0% with an ROE midpoint of 9.50% should be used to determine the revenue requirement in any application or filing, other than an application for a change in base rates, wherein a revenue requirement determination is needed;
- (4) The ROE midpoint of 9.50% should also be used in earnings test analyses beginning with the calendar year 2016;
- (5) An ROE of 9.75% should be used in any expedited rate applications as that ROE was established in the Company's 2014 Rate Case;
- (6) The rate design and revenue apportionment set forth in the Stipulation are reasonable for purposes of this case;
- (7) The Company should prepare for filing with its next general rate application the [Cost of Service] Studies detailed in the Stipulation; and
- (8) The Tariff changes set forth in the Stipulation are also reasonable and should be adopted.<sup>7</sup>

The Chief Hearing Examiner recommended that the Commission adopt the Stipulation; approve the rates, charges, and Tariff provisions set forth in the Stipulation; and direct Columbia to make appropriate refunds.<sup>8</sup> The Chief Hearing Examiner also provided the participants the opportunity to file comments within five business days from the date of the Report.<sup>9</sup> On February 15, 2017, Columbia filed a letter supporting the findings and recommendations in the Report.

<sup>4</sup> On September 28, 2016, NOVEC filed a Motion for Leave to File Notice of Participation Out-of-Time and Notice of Participation. On October 11, 2016, the Chief Hearing Examiner issued a Ruling accepting NOVEC's Notice of Participation and permitting it to participate as a member of the Retail Respondents.

<sup>5</sup> On October 11, 2016, Direct Energy filed a Motion to File Notice of Participation Out of Time and Notice of Participation ("Motion"). On November 1, 2016, the Chief Hearing Examiner issued a Ruling granting Direct Energy's Motion.

<sup>6</sup> On November 3, 2016, Columbia filed a Motion for Extension and Expedited Consideration requesting that the Chief Hearing Examiner extend the procedural schedule. On November 3, 2016, the Chief Hearing Examiner issued a Ruling granting Columbia's request.

<sup>7</sup> Report at 20-21.

<sup>8</sup> *Id.* at 21.

<sup>9</sup> *Id.*

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Stipulation is reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the February 8, 2017 Hearing Examiner's Report hereby are adopted.

(2) The Stipulation attached hereto as Attachment A is adopted.

(3) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis with the first billing unit of October 2016. Columbia shall forthwith file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>. Refunds of interim rates shall be made as required below.

(4) The Company shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect on an interim basis and subject to refund with the first billing unit of October 2016, and where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.

(5) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly, using the average prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three (3) months of the preceding calendar quarter.

(6) The refunds ordered herein may be credited to the current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. The Company may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. The Company may retain refunds to former customers when such refund is less than \$1; however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.

(7) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.

(8) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(9) This matter is dismissed.

NOTE: A copy of Attachment A entitled "Stipulation and Proposed Recommendations" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2016-00033  
JUNE 23, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For authority to increase rates and charges and to revise the terms and conditions applicable to gas service

**ORDER**

On April 29, 2016, Columbia Gas of Virginia, Inc. ("Columbia" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia requesting authority to increase its rates and charges and to revise other terms and conditions applicable to its gas service ("Application").

On May 17, 2016, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Application; scheduled a hearing on the Application; established a procedural schedule for parties to participate in the proceeding<sup>1</sup> and to file testimony and exhibits; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

On January 12, 2017, Columbia filed a Stipulation and Proposed Recommendation ("Stipulation") which was signed by the Company, the Commission's Staff ("Staff"), and all of the Respondents in the proceeding. Paragraph (7) of the Stipulation provides that the Company agrees to seek a Private Letter Ruling ("PLR") from the Internal Revenue Service ("IRS"), with the assistance of Staff, regarding Staff's proposed application of a certain Treasury Regulation to the calculation of rate year accumulated deferred income taxes in rate base.

On February 8, 2017, the Chief Hearing Examiner issued the Report of Deborah V. Ellenberg, Chief Hearing Examiner, and recommended that the Commission adopt the Stipulation, among other things. In its March 17, 2017 Final Order, the Commission adopted the Stipulation.

<sup>1</sup> Retail Energy Supply Association, Stand Energy Corporation, Enspire Energy, NOVEC Energy Solutions, Inc., Virginia Industrial Gas Users' Association, the Office of the Attorney General's Division of Consumer Counsel, and Direct Energy Business Marketing LLC, filed notices of participation in this proceeding (collectively, "Respondents").

On June 12, 2017, Columbia filed a letter with the Commission ("Letter") addressing Paragraph (7) of the Stipulation. The Letter notes that subsequent to the Stipulation, the IRS issued a PLR which addresses concerns similar to those that prompted Columbia to agree to seek a PLR. The Letter further states that, because the PLR addresses the concerns raised by Staff, the Company and Staff agree that Columbia does not need to seek its own PLR to satisfy the terms of the Stipulation.<sup>2</sup>

NOW THE COMMISSION, having considered this matter and having been advised by its Staff, is of the opinion and finds that this case should be reopened for the specific purpose of deciding this issue; that the requirement set forth in Paragraph (7) of the Stipulation has been satisfied; that all other provisions of the Stipulation remain in effect; and that this case should be closed.

Accordingly, IT IS SO ORDERED.

<sup>2</sup> Each Respondent in this proceeding has represented to Staff that it does not object to Columbia not seeking its own PLR, as required by Paragraph (7) of the Stipulation.

**CASE NO. PUE-2016-00042  
FEBRUARY 1, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E

**FINAL ORDER**

On June 1, 2016, Appalachian Power Company ("APCo" or "Company"), pursuant to §§ 56-585.1 A 5 d and 56-585.2 E of the Code of Virginia ("Code") and the Final Order issued in Case No. PUE-2015-00034,<sup>1</sup> filed with the State Corporation Commission ("Commission") a Petition asking the Commission to approve: (1) a rate adjustment clause, designated as the RPS-RAC, through which APCo seeks approval to implement a zero revenue factor, effective April 1, 2017, through March 31, 2018, for the incremental costs related to the Company's participation in Virginia's Renewable Portfolio Standard ("RPS") Program; and (2) a new 120 megawatt Renewable Energy Purchase Agreement ("REPA") between APCo and a wind generation project developer and add this resource to the portfolio of resources that the Company states will enable it to meet its RPS goals ("RPS Compliance Portfolio").<sup>2</sup> The Company also requests that the Commission clarify the definition of "incremental costs," as that term is used in § 56-585.2 E of the Code, to state that incremental costs can be negative.<sup>3</sup>

The Company requests a revenue requirement for the RPS-RAC for April 2017 through March 2018 of \$918,100, which takes into account: (1) actual and projected costs associated with wind purchased power agreements for the period August 2012 through March 2018; (2) an actual over-recovery balance as of March 31, 2016; (3) projected net proceeds associated with sales of renewable energy credits from April 2016 through March 2018; (4) projected Generation Attribute Tracking System volumetric fees from April 2016 through March 2018; and (5) the projected RPS-RAC surcredit payments for the period April 2016 through March 2017.<sup>4</sup>

APCo's currently effective RPS-RAC reflects a surcredit on customers' bills since the Company is currently returning a prior period over-collection from customers. Additionally, APCo states that because it anticipates that the revenue requirement for the April 2017 through March 2018 period will be less than \$1 million, "it would be prudent to set rates to zero and accelerate the decline of the current over-recovery position."<sup>5</sup> Elimination of the existing surcredit and a zero recovery factor would result in a net increase of \$0.84 to the monthly bill of a residential customer using 1,000 kilowatt hours per month, when compared to the current surcredit.<sup>6</sup>

APCo also requests approval of a new 120 megawatt REPA between the Company and Bluff Point Wind Farm LLC ("Bluff Point REPA") and to include it in APCo's RPS Compliance Portfolio, which the Company states will enable APCo to meet its RPS goals.<sup>7</sup> APCo asserts that the Bluff Point

<sup>1</sup> *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E, Case No. PUE-2015-00034, 2015 S.C.C. Ann. Rept. 317, Final Order (Nov. 16, 2015) ("2015 RPS Order").*

<sup>2</sup> Ex. 1 (Petition) at 1. The Petition states that the effective dates for the RPS-RAC are April 1, 2017, through January 31, 2018. On June 13, 2016, the Company filed a corrected page 1 of the Petition to reflect the effective dates as April 1, 2017, through March 31, 2018.

<sup>3</sup> Ex. 1 (Petition) at 1, 9.

<sup>4</sup> Ex. 11 (Sebastian Direct) at 3-4, Schedule 2.

<sup>5</sup> Ex. 1 (Petition) at 5.

<sup>6</sup> *Id.*; Ex. 11 (Sebastian Direct) at 6; Ex. 3 (Castle Direct) at 3.

<sup>7</sup> Ex. 1 (Petition) at 1, 6-7; Ex. 3 (Castle Direct) at 3-4.

REPA is "an economical and reasonable resource well-suited to address the Company's energy deficit and reduce its reliance on purchases from the market."<sup>8</sup>

Finally, APCo requests that the Commission clarify that incremental costs can be negative, for the purpose of calculating the RPS-RAC, when market (non-incremental) costs exceed the cost of APCo's RPS Compliance Portfolio.<sup>9</sup> In such a case, the RPS-RAC would reflect a credit in the amount of the negative incremental costs, while the fuel factor would reflect the total non-incremental cost of the RPS Compliance Portfolio, i.e. the total avoided capacity and energy costs, along with off-system sales impacts, calculated pursuant to the methodology approved in the 2015 RPS Order.<sup>10</sup> By doing so, the Company would recover no more than the total cost of the contracts in the RPS Compliance Portfolio.<sup>11 12</sup> APCo states that this treatment of negative incremental costs

ensures that the customers who are subject to the RPS-RAC receive the full financial benefit of the RPS Compliance Portfolio when market costs are higher than the costs of the RPS Compliance Portfolio, which could conceivably occur in the future, given market dynamics and the addition of lower cost resources to the Portfolio.<sup>13</sup>

On June 30, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") which, as amended by the Amending Order dated July 1, 2016, established a procedural schedule for this case; directed the Company to provide public notice of its Petition; provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation; scheduled an evidentiary hearing; and directed the Commission Staff ("Staff") to investigate the Application. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the VML/VACo APCo Steering Committee ("Steering Committee"), and the Old Dominion Committee for Fair Utility Rates ("Committee"). In accordance with the Procedural Order, Staff filed its testimony on October 6, 2016. The Company filed a letter on October 20, 2016, giving notice that it would not file rebuttal testimony.

On November 9, 2016, the hearing convened as scheduled. The Company presented a Stipulation, signed by the Company and Staff, recommending an agreed-upon resolution of issues related to the Petition.<sup>14</sup> Respondents Consumer Counsel and the Steering Committee did not oppose the Stipulation but are not signatories to it. The Committee did not oppose the Stipulation with the exception of the provision that addresses treatment of negative incremental costs.<sup>15</sup>

On December 5, 2016, the following participants filed post-hearing briefs: APCo; Committee; Steering Committee; Consumer Counsel; and Staff.

On December 14, 2016, the Report of A. Ann Berkebile, Hearing Examiner ("Report"), was issued. In her Report, the Hearing Examiner recommended that the Commission accept the Stipulation and found that: (i) the new annual revenue requirement for the RPS-RAC is \$918,095; (ii) APCo should be authorized to implement an RPS-RAC recovery factor of zero for all tariff classes as shown on Attachment 1 to the Stipulation; (iii) the Bluff Point REPA should be included in APCo's RPS compliance portfolio, and the Company should be authorized to recover the eligible costs of the Bluff Point REPA in its next RPS-RAC; and (iv) the Company should be authorized to continue calculating incremental costs using the methodology approved in the 2015 RPS Order and, if the incremental cost calculation is negative, APCo should be authorized to credit the RPS-RAC in such amount with an equal and offsetting amount being included in the fuel factor.<sup>16</sup>

<sup>8</sup> Ex. 1 (Petition) at 7. Recovery of RPS costs related to the Bluff Point REPA were not requested for this proposed RPS-RAC, but the Company expects to request recovery beginning with its next RPS-RAC filing. It should be noted that APCo indicates that the net cost of energy from the Bluff Point REPA over the life of the contract is lower than the projected market price for power, starting in 2018. Ex. 3 (Castle Direct) at 5; Ex. 10ES (Mears Direct) Schedule 3. APCo further notes that the Company was "energy short" in 2015 and, as such, the Bluff Point REPA will reduce APCo's exposure in the PJM energy market. Ex. 3 (Castle Direct) at 5. During the hearing on this matter, Company witness Castle also represented that the Bluff Point REPA "is quite a bit less expensive than" the two REPAs previously approved for use in the Company's RPS Compliance Portfolio. Tr. 48.

<sup>9</sup> See Ex. 1 (Petition) at 9; Tr. 40. This occurred in 2014 due to the high market costs of avoided energy during the polar vortex, resulting in a negative percentage of incremental costs for the year. However, the parties to the Stipulation in Case No. PUE-2015-00034 agreed to a revenue requirement that set the incremental costs for 2014 to zero. See 2015 RPS Order, Attachment A (Stipulation), Exhibit 1; Ex. 14 (Grant Direct) at 12, n. 21.

<sup>10</sup> See Ex. 5 (APCo Response to Old Dominion Committee for Fair Utility Rates Interrogatory No. 2-002).

<sup>11</sup> *Id.*; Tr. 34.

<sup>12</sup> See Staff Brief at 7-8. As noted by Staff, the statute is silent as to the period of time over which incremental costs are to be determined and short term incremental costs will fluctuate in comparison to a long term Power Purchase Agreement ("PPA"). At times incremental costs may be negative while at other times positive. If negative incremental costs are not reflected in the RPS-RAC as a credit, excess costs will be classified as incremental costs and thus over-collected from the smaller pool of APCo customers that are subject to the RPS-RAC. In other words the rate classes subject to the RPS-RAC may end up paying more than the incremental costs of the PPAs if negative incremental costs are not considered.

<sup>13</sup> Ex. 1 (Petition) at 9.

<sup>14</sup> See Ex. 12 (Stipulation).

<sup>15</sup> Tr. 68.

<sup>16</sup> Report at 16-17.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Staff and Consumer Counsel filed letters supporting the Hearing Examiner's findings and recommendations. The Committee filed comments urging the Commission to reject the Hearing Examiner's recommendation regarding negative incremental costs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that APCo's updated RPS-RAC is approved as recommended, and for the reasons set forth, in the Hearing Examiner's Report.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted, and its terms are incorporated herein.
- (3) The Company forthwith shall file a revised Schedule RPS-RAC and supporting workpapers with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.
- (4) The revised RPS-RAC, as approved herein, shall become effective for service rendered on and after April 1, 2017.
- (5) The Company shall file its next RPS-RAC petition on or before June 1, 2017.
- (6) This matter is dismissed.

Note: A copy of Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2016-00048  
FEBRUARY 1, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia

**FINAL ORDER**

On May 4, 2016, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and a certificate of public convenience and necessity ("CPCN") to construct and operate a 20 megawatt ("MW") (nominal alternating current ("AC")), solar electric generating facility near the town of Remington in Fauquier County, Virginia ("Remington Solar Facility"). The Company requests approval and a CPCN for the Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.<sup>1</sup>

Dominion proposes to build the Remington Solar Facility on land that the Company owns across from its existing natural gas-fired Remington Power Station.<sup>2</sup> The Remington Solar Facility would include ground-mounted, fixed-tilt solar panel arrays, and would interconnect using 34.5 kilovolt distribution-level facilities (together with the proposed Remington Solar Facility, the "Project").<sup>3</sup>

Dominion would build and operate the Project, if approved, as part of a "public-private partnership." The electrical output of the Remington Solar Facility would be dedicated solely to the Commonwealth of Virginia ("Commonwealth"), a non-jurisdictional customer of the Company, and the Commonwealth has agreed to purchase this electrical output at a negotiated price for a term of 25 years.<sup>4</sup> Additionally, under a separate agreement, Microsoft Corporation ("Microsoft") has agreed to purchase all of the environmental attributes generated by the Project, including renewable energy credits, at a negotiated price for a period of 25 years.<sup>5</sup>

Dominion estimates the cost of the proposed Project to be approximately \$46 million, excluding financing costs, or approximately \$2,300/kilowatt at the approximately 20 MW (nominal AC) rating.<sup>6</sup> Dominion states that it is not seeking to recover the cost of the Project from its Virginia jurisdictional customers through either a rate adjustment clause ("RAC") or base rates.<sup>7</sup> The Company further states that there will be no impacts to its

<sup>1</sup> 20 VAC 5-302-10 *et seq.*

<sup>2</sup> Ex. 4 (Mitchell direct) at 5.

<sup>3</sup> *Id.* at 2.

<sup>4</sup> Ex. 2 (Application) at 3.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> Ex. 4 (Mitchell direct) at 6.

<sup>7</sup> Ex. 2 (Application) at 4.

Virginia jurisdictional cost of service, base rates, fuel rates, or RACs as a result of the Company's ownership and operation of the Project during the 25-year term of the agreements described above.<sup>8</sup>

On May 26, 2016, the Commission issued an Order for Notice and Hearing that, among other things, directed Dominion to provide public notice of its Application; scheduled a public hearing for the purpose of receiving testimony and evidence on the Application; established a procedural schedule to allow interested persons an opportunity to file comments on the Application or to participate in this proceeding as a respondent; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon; and assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

The Department of Environmental Quality ("DEQ") coordinated an environmental review of the proposed Project and filed a report ("DEQ Report") on July 21, 2016.<sup>9</sup> The DEQ recommends that Dominion:

- (1) Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(c), pages 7 – 9).
- (2) Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable (Environmental Impacts and Mitigation, item 5(c), page 12).
- (3) Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage [("DCR")] regarding its recommendations to protect natural heritage resources, conduct an inventory for the upland sandpiper and contact DCR for updates to the Biotics Data System database (Environmental Impacts and Mitigation, item 6(e), pages 14 – 15).
- (4) Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect wildlife resources (Environmental Impacts and Mitigation, item 7(d), pages 15 – 16).
- (5) Coordinate with the Virginia Outdoors Foundation regarding its recommendation for additional coordination if necessary (Environmental Impacts and Mitigation, item 8(c), page 16).
- (6) Coordinate with the Department of Historic Resources regarding the recommended architectural study and impacts evaluation (Environmental Impacts and Mitigation, item 9(c), page 17).
- (7) Coordinate with the Department of Aviation regarding its recommendation to ensure protection with federal guidance on solar facilities by contacting the Federal Aviation Administration (Environmental Impacts and Mitigation, item 11(c), page 17).
- (8) Coordinate with the Department of Health regarding recommendations to protect water supplies (Environmental Impacts and Mitigation, item 12(c), page 18).
- (9) Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 13, pages 18 – 19).
- (10) Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 14, page 19).<sup>10</sup>

On October 13, 2016, the hearing was convened. The Company, Piedmont Environmental Council ("Piedmont"), and Staff participated in the hearing. In addition, a public witness provided testimony on the Application.<sup>11</sup> On November 4, 2016, Dominion, Piedmont, and Staff filed post-hearing briefs.

On November 14, 2016, Hearing Examiner Michael D. Thomas issued a report ("Hearing Examiner's Report") that explained the procedural history of this case; summarized, and made certain findings based on the record; and recommended that the Commission grant the Company a CPCN to construct and operate the Project. On December 15, 2016, Dominion, Piedmont, and Staff filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application should be approved subject to the requirements set forth in this Order.

<sup>8</sup> *Id.* The Company will fully amortize the Project over the 25-year term of the agreements. Ex. 8 (Wong) at 4.

<sup>9</sup> Ex. 9 (DEQ Report).

<sup>10</sup> *Id.* at 6.

<sup>11</sup> Tr. 5-12.

Code

Code § 56-580 D states in part as follows:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest . . . . Small renewable energy projects as defined in § 10.1-1197.5 are in the public interest and in determining whether to approve such project, the Commission shall liberally construe the provisions of this title.

Code § 56-46.1 A states in part as follows:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact.<sup>12</sup>

In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-596 A states "[i]n all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

CPCN

Based on the record, the Commission concludes that the Remington Solar Facility will have no material adverse effect upon reliability of electric service<sup>13</sup> and is not contrary to the public interest. No party or Staff has asserted otherwise. Additionally, the Remington Solar Facility is within the categories of generation facilities that the General Assembly has declared to be "in the public interest."<sup>14</sup>

The Commission also concludes that the Remington Solar Facility is required by the public convenience and necessity subject to Dominion effectively "ring-fencing" the costs of constructing and operating the Project so that Virginia jurisdictional retail customers are held harmless from the impacts of the Project. To "ensure that Virginia jurisdictional customers do not subsidize the Project in any respect," Dominion proposes to isolate the costs of constructing and operating the Remington Solar Facility and associated interconnection facilities, such that "[t]here will be no impacts to the Virginia jurisdiction cost of service, base rates, fuel rates, or RACs...."<sup>15</sup> As indicated by Staff, such a ring-fence is "important because it aligns the need asserted for the Remington Solar Facility with its cost recovery and ensures that the rates of Virginia jurisdictional customers do not reflect a facility not used to serve them."<sup>16</sup> Staff also recommends, as conditions to any Commission approval in this proceeding, that Dominion:

- (1) maintain documentation sufficient to show that the Company is tracking all costs associated with the [Remington Solar Facility] separately on its books and allocating overhead expenses to the [Remington Solar Facility] consistent with the methodology used by the Company for its generation RACs;
- (2) demonstrate in future fuel factor proceedings that Virginia jurisdictional customers have been held harmless from any fuel impacts associated with the [Remington Solar Facility]; and

<sup>12</sup> Code § 56-580 D contains a nearly identical provision applicable specifically to generation facilities.

<sup>13</sup> See, e.g., Hearing Examiner's Report at 16.

<sup>14</sup> See, e.g., Code § 56-580 D. "[S]mall renewable energy project[s]" include solar generation facilities "with a rated capacity not exceeding 100 [MW]." Code § 10.1-1197.5.

<sup>15</sup> Ex. 2 (Application) at 4; Tr. 15.

<sup>16</sup> Staff's Comments on the Hearing Examiner's Report at 4.

- (3) allocate no less than 88% of the land on which the [Remington Solar Facility] would be constructed to the [Remington Solar Facility] and demonstrate in future cost-of-service studies whether any of this property should continue to be allocated to Virginia jurisdictional customers.<sup>17</sup>

Because the Remington Solar Facility is not proposed for – or purported by the Company to be needed for – the provision of retail electric service to Virginia jurisdictional retail customers, we find that the effective implementation of a ring-fence, to which Dominion has committed, is necessary to satisfy the requirements for approval pursuant to Code § 56-580 D. Consequently, as a condition of the approval granted herein, Dominion shall take all measures necessary to implement a ring-fence for the costs of constructing, owning, and operating the Project, including adherence to Staff's recommendations, which we find to be reasonable based on the record.<sup>18</sup>

#### Economic Development

We agree with the Hearing Examiner that the record establishes that the Remington Solar Facility would have positive economic impacts on Fauquier County and the Commonwealth.<sup>19</sup> There will be direct and indirect benefits related to the construction and operation of the Remington Solar Facility, including job creation and increases in local and state tax revenues, and Dominion's ratepayers will be held harmless from bearing these costs as discussed herein.<sup>20</sup>

#### Environmental Impact

We must consider environmental impact. The relevant statutes, however, do not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition of approval. Rather, the statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."<sup>21</sup>

The DEQ Report summarizes the Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibility for compliance with legal requirements governing environmental protection. The Company did not object to any of the recommendations made by DEQ in its Summary of Recommendations. Upon consideration of this record, we agree with the Hearing Examiner that the Company should be required to comply with the DEQ Report recommendations as set forth above.<sup>22</sup> Further, the Company should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.<sup>23</sup>

#### Consideration of Alternative Options

Another issue presented in this case, and addressed by the parties and Staff, is whether the following provision of Code § 56-585.1 A 6 applies to Dominion's Application:

A utility seeking approval to construct or purchase a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process.

Unlike prior proceedings in which the Commission has applied this provision,<sup>24</sup> the instant Application proposes the construction and operation of a generation facility without any impact to Virginia jurisdictional electric rates. Prior proceedings addressing this provision of Code § 56-585.1 A 6 also have not involved a generation facility from which the Commonwealth, a non-jurisdictional retail electric customer, has agreed to purchase the electric output. As a result, whether this statutory provision applies to the novel facts of this case is a matter of first impression for the Commission.

The Commission finds that the specific facts of this case do not implicate this statutory provision, which the Commission has previously recognized was enacted for the benefit of consumers.<sup>25</sup> The Code has long provided that, when the Commonwealth acts as a consumer of electricity, the

<sup>17</sup> Staff's Post-Hearing Brief at 6-7 (citations omitted).

<sup>18</sup> See, e.g., Ex. 8 (Wong) at 4-9; Ex. 13 (Stevens rebuttal) at 2-3.

<sup>19</sup> Hearing Examiner's Report at 17.

<sup>20</sup> See, e.g., Ex. 3 (Corsello direct) at 6; Ex. 11.

<sup>21</sup> Code § 56-46.1. See also Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1....").

<sup>22</sup> Hearing Examiner's Report at 18.

<sup>23</sup> *Id.*

<sup>24</sup> Such proceedings include one in which the Commission denied without prejudice a prior proposal by Dominion for a RAC and a CPCN for the Remington Solar Facility, after finding, among other things, that Dominion did not satisfy the provision of Code § 56-585.1 A 6 discussed herein. *Application of Virginia Electric and Power Company, For approval and certification for the proposed Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia, and for approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00006, 2015 S.C.C. Ann. Rept. 270, Final Order (Oct. 20, 2015).

<sup>25</sup> *Id.*, 2015 S.C.C. Ann. Rept. at 271-73.



rates and charges it pays generally fall outside of the Commission's regulatory authority.<sup>26</sup> For the Remington Solar Facility, Dominion plans to recover its costs exclusively through contracts negotiated with the Commonwealth, which will compensate Dominion for the electricity produced by the facility, and Microsoft, rather than through any Virginia jurisdictional retail electric rates established by the Commission. The plain language chosen by the General Assembly does not reflect a manifest intent that this provision of Code § 56-585.1 A 6 be extended to the specific facts of the proposal before us.<sup>27</sup>

Finally, in so ruling, the Commission notes that it has not reviewed or evaluated the terms of the Commonwealth's contract with Dominion, including the financial terms of this arrangement. The Code does not direct the Commission to conduct such an evaluation, and the specific terms of this contract are not before us.

#### Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Order shall expire two (2) years from the date hereof if construction of the Remington Solar Facility has not commenced, and that Dominion may petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, the Company is granted approval and Certificate of Public Convenience and Necessity No. EG-209 to construct and operate the Remington Solar Facility as set forth in this proceeding.

(2) The Company shall forthwith file a map of the Remington Solar Facility within Fauquier County for certification.

(3) This case is dismissed.

<sup>26</sup> See, e.g., Code §§ 56-232.E, 56-234 B, 56-581.

<sup>27</sup> We further note that no participant to this proceeding asserted that the Commission must find otherwise in this instance. Our review and approval herein pertain only to the construction and operation of the Project with no resulting impacts to the Virginia jurisdiction cost of service, base rates, fuel rates, or RACs. This Order need not – and does not – address other factual scenarios not presently before the Commission, including whether the relevant provision of Code § 56-585.1 A 6 would apply to a new generation facility for which the costs are proposed for recovery through base rates. See, e.g., Staff's Post-Hearing Brief at 16.

### **CASE NO. PUE-2016-00051 SEPTEMBER 13, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY

For approval of a 100% renewable energy rider

#### **FINAL ORDER**

On April 28, 2016, Appalachian Power Company ("APCo" or "Company") filed a petition pursuant to Code § 56-577 A 5 with the State Corporation Commission ("Commission") for approval of a voluntary renewable energy rider, designated Rider REO ("Petition"). APCo asserts that Rider REO is a voluntary rider designed to allow participating customers to purchase their full requirements from renewable energy generators, and that as a result, participating customers will purchase "electric energy provided 100 percent from renewable energy"<sup>1</sup> as set forth in Code § 56-577 A 5.<sup>2</sup>

In its Petition, the Company states that to provide energy generated from 100% renewable resources, the Company has bundled energy output from multiple renewable generators.<sup>3</sup> By combining disparate types of intermittent renewable generation, the Company states that Rider REO creates a portfolio effect that provides renewable energy at all hours of the day, in all seasons, to participating customers.<sup>4</sup> APCo acknowledges that it cannot match the hourly output of the renewable generators to the hourly load of the participating customers.<sup>5</sup> The Company indicates that initially it will assign to Rider REO the output of its renewable generators that currently are under long-term purchased power agreements ("Renewable PPAs").<sup>6</sup> According to APCo, as it adds additional renewable resources, such as solar, to its generation portfolio, the subscribed portion of those resources will be assigned to Rider REO.<sup>7</sup>

<sup>1</sup> If Rider REO meets this definition and the Commission approves Rider REO, Rider REO will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy. See Code § 56-577 A 5.

<sup>2</sup> Ex. 1 (Petition) at 1; Ex. 2 (Castle Direct) at 2.

<sup>3</sup> Ex. 2 (Castle Direct) at 2.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.*

The Petition states that the proposed pricing design for Rider REO is largely based on the weighted average cost of the Renewable PPAs, which currently is greater than the cost of APCo's overall generation portfolio.<sup>8</sup> APCo states that proposed Rider REO also includes pricing components for (i) the opportunity cost of not selling or optimizing the renewable energy certificates or credits associated with the Renewable PPAs, and (ii) an average net amount of PJM<sup>9</sup> transmission congestion and losses charges.<sup>10</sup> APCo also states that the revenues collected through Rider REO will not match the actual costs associated with the renewable energy portfolio exactly because the output of the renewable sources is variable and unpredictable.<sup>11</sup>

On May 17, 2016, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Petition, provided interested persons an opportunity to file comments on the Petition or to participate as respondents in this proceeding, scheduled a public evidentiary hearing, and directed the Commission's Staff ("Staff") to investigate the Petition. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed by: Appalachian Voices; Collegiate Clean Energy, LLC ("CCE"); English Biomass Partners – Ferrum, LLC ("English Biomass"); Maryland-DC-Virginia Solar Energy Industries Association ("MDV-SEIA"); Virginia Electric and Power Company ("Dominion"); the VML/VACo APCo Steering Committee ("Steering Committee"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). CCE, English Biomass, MDV-SEIA, Staff, and the Company pre-filed testimony in this matter.

On November 15, 2016, the Hearing Examiner convened a hearing for the receipt of public witness testimony and evidence on APCo's Petition from Staff, respondents and the Company.<sup>12</sup>

On June 21, 2017, the Report of A. Ann Berkebile, Hearing Examiner ("Report") was filed with the Clerk of the Commission. In her Report, the Hearing Examiner summarized the record in this proceeding and made the following findings and recommendations:

- (1) Rider REO qualifies as a "tariff for electric energy provided 100 percent from renewable energy" as contemplated [by] § 56-577 A 5 of the Code;
- (2) The Commission has the discretion, authority and duty in accordance with §§ 56-234 A and 56-235.2 of the Code to determine whether Rider REO is in the public interest and whether its costs and associated rate are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers as conditions of granting approval; and
- (3) APCo's request for the approval of Rider REO should be denied because the Company failed to prove that Rider REO is in the public interest and that its costs and associated rate are reasonable, just, and not likely to unreasonably prejudice or disadvantage renewable energy customers.<sup>13</sup>

On July 12, 2017, comments and exceptions to the Hearing Examiner's Report were filed by APCo, Appalachian Voices, CCE, English Biomass, MDV-SEIA, Dominion, the Steering Committee, Consumer Counsel, and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds the Company has not established that the rate proposed under Rider REO is just and reasonable and, thus, the Petition shall be denied.

<sup>8</sup> Ex. 1 (Petition) at 5; Ex. 5 (Vaughan Direct) at 4.

<sup>9</sup> PJM Interconnection, L.L.C.

<sup>10</sup> Ex. 5 (Vaughan Direct) at 4-5.

<sup>11</sup> Ex. 2 (Castle Direct) at 7. The Company proposes not to "true up" any differences and states that any variability in the costs incurred and revenues collected will be manifested in the fuel factor. *Id.*

<sup>12</sup> Numerous public comments were filed in this docket opposing Rider REO, and three public witnesses testified at the public hearing in opposition to Rider REO. *See* Tr. 61-68.

<sup>13</sup> Report at 26-27.

Throughout this proceeding, APCo asserted that the reasonableness of the rate proposed for Rider REO is not relevant to the Commission's approval thereof.<sup>14</sup> The Commission disagrees. Code § 56-577 A 5 a requires "an approved tariff for electric energy provided 100 percent from renewable energy; . . . ." Although this statute requires the tariff to be "approved" by the Commission, it does not include an express standard of review for the Commission's approval, nor does it include any express limitations on what the Commission may determine is relevant to such review. We find that the Commission – in determining whether to approve the proposed tariff – has the authority to consider if the rate to be charged to customers is just and reasonable.<sup>15</sup>

In this regard, the Commission finds the Company has not established that its proposed rate for Rider REO is just and reasonable. In addition, the Hearing Examiner noted as follows: "[o]ther than asserting that the Rider REO rate is voluntary and cost-based (and likely to come down with the addition of new resources), the Company made no effort to establish the reasonableness of its proposed Rider REO rate (equating to \$0.08961 per kilowatt hour)."<sup>16</sup> Conversely, several parties object to the rate proposed for Rider REO. For example: (i) Appalachian Voices states that the proposed tariff "would charge participating customers significantly more for renewable resources that are already included as part of the standard tariff,"<sup>17</sup> (ii) the Steering Committee similarly asserts that "Virginia customers would pay approximately \$15 per megawatt-hour more than the cost of the PPAs for the renewable energy,"<sup>18</sup> (iii) MDV-SEIA states that "there is significant evidence in the record that the Rider REO price of \$72/MWh is much higher than prevailing market prices for renewable energy," and that APCo "admitted that the cost of Rider REO is not representative of current market prices for wind energy,"<sup>19</sup> and (iv) CCE contends that "Rider REO would force APCo's customers utilizing Rider REO to pay the full cost of purchased power agreements that the Commission has determined to be unreasonable and not prudent."<sup>20</sup> Based on the record in this case, the Commission finds the Company has not established that its proposed rate for Rider REO is just and reasonable for purposes of supplying 100% renewable electric energy.<sup>21</sup>

Finally, in the final sentence of its Comments on the Hearing Examiner's Report, APCo requests as follows:

In the alternative, if the Commission determines that Appalachian was required to prove and has not proven that the Rider REO rates are just and reasonable, the Company requests that the Commission remand the Petition to the Hearing Examiner so that the Company can more fully develop the record based on current data.<sup>22</sup>

We will not remand the instant case. All participants were provided the opportunity to litigate fully the Petition filed by APCo, and the Commission's denial thereof does not preclude the Company from subsequently applying for a new tariff for electric energy provided 100% from renewable energy.

Accordingly, IT IS ORDERED THAT APCo's Petition is denied as set forth herein, and this matter is dismissed.

<sup>14</sup> See, e.g., Tr. 17-18 ("Accordingly the Company asks the Commission [to] approve Rider REO as a tariff for electric energy provided 100 percent from renewable energy. This is really the only issue properly before the Commission in this proceeding, . . . ."); Tr. 21 ("The Code does not require the Commission to make any specific determination regarding the reasonableness of the costs of Rider REO."); APCo's Post-Hearing Brief at 2-3 ("Notably, no party challenges the Petition on the grounds that Rider REO would not provide 100 percent renewable energy or questions the Company's proposed manner in which to measure 100 percent – which is the only issue before the Commission in this proceeding."); APCo's Post-Hearing Brief at 3 n.6 ("Arguments that the Commission should consider the age, location or cost of Rider REO resources . . . are irrelevant to the Petition pursuant to the plain and unambiguous text of Subsection A5, and, as discussed below, cannot be part of the Commission's consideration of the Petition.")

<sup>15</sup> Moreover, as explained by Staff, not only does the Commission have such authority, the Commission may further have the duty to consider whether the proposed rate is just and reasonable pursuant to Code § 56-234 A: "It shall be the duty of every public utility to furnish reasonably adequate service and facilities at reasonable and just rates to any person, firm or corporation along its lines desiring same." See, e.g., Staff's Comments on Hearing Examiner's Report at 9. In addition, the Commission notes that APCo has not proffered Rider REO as a "special rate" under Code § 56-235.2 or as a "voluntary rate or rate design test[] or experiment[]" under Code § 56-234 B.

<sup>16</sup> Hearing Examiner's Report at 25.

<sup>17</sup> Appalachian Voices' Comments on Hearing Examiner's Report at 3-4.

<sup>18</sup> Steering Committee's Comments on Hearing Examiner's Report at 6.

<sup>19</sup> MDV-SEIA's Comments on Hearing Examiner's Report at 5-6.

<sup>20</sup> CCE's Comments on Hearing Examiner's Report at 5 (emphasis removed).

<sup>21</sup> The fact that Rider REO is voluntary does not render the proposed rate reasonable as a matter of law. Moreover, the instant case is distinguishable from the Commission's approval in 2008 of APCo's voluntary Renewable Power Rider. For example: (a) unlike Rider REO, the Renewable Power Rider (as determined by the Commission) was not a tariff for electric energy provided 100% from renewable energy; (b) unlike the instant case, in 2008 APCo proposed the Renewable Power Rider, at least in part, because "[i]ndividual demonstrations of support are essential to the success of the renewable energy industry [and] a significant level of participation in the Rider will send a customer-based signal to the Company and others to continue the current development of sources of renewable energy"; and (c) no party claims that the market for renewable energy is the same now as it was in 2008. *Application of Appalachian Power Company, For approval of its Renewable Power Rider*, Case No. PUE-2008-00057, Order Approving Tariff, 2008 S.C.C. Ann. Rept. 557 (Dec. 3, 2008).

<sup>22</sup> APCo's Comments on Hearing Examiner's Report at 26. The Company also states therein that the "Commission has the authority to review whether the Rider REO rate is just and reasonable, albeit there is no mandate in the Code that they affirmatively do so before approving Rider REO." *Id.* at 10.

**CASE NO. PUE-2016-00059  
FEBRUARY 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2017

**FINAL ORDER**

On June 1, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider B ("Application"). Through its Application, the Company seeks to recover costs associated with the major unit modifications of the Altavista, Hopewell, and Southampton power stations.<sup>1</sup>

Dominion is seeking approval of Rider B for the rate year beginning April 1, 2017, and ending March 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.<sup>3</sup> In its Application, the Company requested a Projected Cost Recovery Factor revenue requirement of \$17,150,000 and an Actual Cost True-Up Factor revenue requirement of \$11,333,000, which equals a total revenue requirement of \$28,483,000 for service rendered during the 2017 Rate Year.<sup>4</sup>

Dominion utilized a rate or return on common equity ("ROE") of 12.5% for purposes of calculating the Projected Cost Recovery Factor in this case. This ROE comprises a general ROE of 10.5%, plus a 200 basis point enhanced return applicable to certain qualifying renewable powered generation facilities as described in § 56-585.1 A 6 of the Code.<sup>5</sup> For purposes of calculating the Actual Cost True-Up Factor, including an accompanying correction to the 2014 calendar year Actual Cost True-Up Factor, the Company utilized an ROE of 12%, which comprises the general ROE of 10% approved by the Commission in its Final Order in Case No. PUE-2013-00020,<sup>6</sup> plus the 200 basis point enhanced return.<sup>7</sup>

On June 29, 2016, the Commission issued an Order for Notice and Hearing in this case, that, among other things, docketed the Application, required Dominion to publish notice of its Application, and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On November 28, 2016, Consumer Counsel filed testimony related to the appropriate ROE that should be issued in this proceeding.<sup>8</sup> On December 16, 2016, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$26,500,000, which is approximately \$1,978,000 less than the Company's proposed revenue requirement.<sup>9</sup> The differences between the Company's and Staff's revenue requirements are the result of Staff's use of a lower ROE for the purpose of calculating the Projected Cost Recovery Factor, error correction, and rounding differences.<sup>10</sup>

A hearing on the non-ROE issues was conducted by the Hearing Examiner as scheduled on January 24, 2017. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff, the Committee, and Consumer Counsel attended this hearing. At the hearing, the Company stated that it agreed to the rounding differences and error corrections included in Staff's prefiled testimony.<sup>11</sup> Thus, the only contested issue herein is the proper ROE for Rider B.

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1, 4.

<sup>2</sup> *Id.* at 4.

<sup>3</sup> *Id.* at 7.

<sup>4</sup> *Id.* at 9; Ex. 5 (Seiders Direct) at 5-12.

<sup>5</sup> Ex. 2 (Application) at 7; Ex. ROE-5 (Hevert Direct) at 51-52.

<sup>6</sup> *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

<sup>7</sup> Ex. 5 (Seiders Direct) at 3.

<sup>8</sup> *See* Ex. ROE-11 (Woolridge Direct).

<sup>9</sup> Ex. 7 (Morgan Direct) at 6.

<sup>10</sup> *Id.* at 6-7.

<sup>11</sup> Tr. 5.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On January 25, 2017, the Report of A. Ann Berkebile, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In her Report, the Hearing Examiner found that the Rider B revenue requirement for the 2017 Rate Year should be calculated in accordance with the amounts and methodologies that have been agreed to by the Company and Staff subject to the Commission's determination of the applicable ROE.<sup>12</sup>

The Commission convened a hearing, as scheduled, on January 18, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel, and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on ROE issues, and received closing arguments from counsel.

By Order dated February 16, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider B. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>13</sup> The Commission's Order further specified that with the addition of the 200 basis point enhanced return applicable to certain qualifying renewable powered generation facilities as described in § 56-585.1 A 6 of the Code, this results in a total ROE for Rider B of 11.4%.<sup>14</sup>

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider B Projected Cost Recovery Factor revenue requirement is \$15,900,000, the Actual Cost True-Up Factor revenue requirement is \$11,330,000, and the total revenue requirement is \$27,234,000. Our approval herein reflects the ROE for Rider B that the Commission previously determined to be supported by the record and the Code.<sup>15</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Rider B, as approved herein, shall become effective for service rendered on and after April 1, 2017.
- (2) The Company forthwith shall file a revised Rider B and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (3) On or before June 30, 2017, the Company shall file an application to revise Rider B effective April 1, 2018.
- (4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>12</sup> Hearing Examiner's Report at 6.

<sup>13</sup> *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2017*, Case No. PUE-2016-00059, Doc. Con. Cen. No. 170220478, Order (Feb. 16, 2017) at 13 ("February 16, 2017 Order").

<sup>14</sup> *Id.* at 13-14.

<sup>15</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record after incorporating the 9.4% ROE approved by the Commission in the February 16, 2017 Order.

**CASE NO. PUE-2016-00060  
FEBRUARY 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For revision of rate adjustment clause: Rider GV, Greenville County Power Station

**FINAL ORDER**

On June 1, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider GV ("Application"). Through its Application, the Company seeks to recover costs associated with the Greenville County Power Station, a 1,588 megawatt (nominal) natural gas-fired combined-cycle electric generating station and associated interconnection facilities located in Brunswick and Greenville Counties, Virginia.<sup>1</sup>

Dominion is seeking approval of Rider GV for the rate year beginning April 1, 2017, and ending March 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year are the Projected Cost Recovery Factor and the allowance for funds used

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1, 3.

<sup>2</sup> *Id.*

during construction ("AFUDC") Cost Recovery Factor.<sup>3</sup> In its Application, the Company requested a Projected Cost Recovery Factor revenue requirement of \$87,497,000 and an AFUDC Cost Recovery Factor revenue requirement of \$1,664,000, which equals a total revenue requirement of \$89,161,000 for the 2017 Rate Year.<sup>4</sup>

Dominion utilized a rate of return on common equity ("ROE") of 10.5% for purposes of calculating the revenue requirement in this case.<sup>5</sup> The Company has calculated the proposed Rider GV rates in accordance with the same methodology as used for rates approved by the Commission in the most recent rate adjustment clause proceedings.

On June 21, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application, and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On November 3, 2016, Consumer Counsel filed testimony related to the appropriate ROE that should be used in this proceeding.<sup>6</sup> On November 18, 2016, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$77,447,000, which is approximately \$11,714,000 less than the Company's proposed revenue requirement.<sup>7</sup> The differences between the Company's and Staff's revenue requirements are the result of Staff's use of a lower ROE for the purpose of calculating the Projected Cost Recovery Factor, error correction, and rounding differences.<sup>8</sup>

A hearing on the non-ROE issues was conducted by the Chief Hearing Examiner as scheduled on January 10, 2017. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff, the Committee, and Consumer Counsel attended this hearing. At the hearing, the Company stated that it agreed to the rounding differences and error corrections included in Staff's prefiled testimony.<sup>9</sup> Thus, the only contested issue herein is the proper ROE for Rider GV.

On January 30, 2017, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In her Report, the Chief Hearing Examiner found that the agreed Rider GV Projected Cost Recovery Factor revenue requirement of \$75,782,000, the AFUDC Cost Recovery Factor revenue requirement of \$1,665,000, and the total revenue requirement of \$77,447,000 for the 2017 Rate Year, subject to the Commission's final determination on ROE, are reasonable and are supported by the evidence in this proceeding.<sup>10</sup>

The Commission convened a hearing, as scheduled, on January 18, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel, and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on ROE issues, and received closing arguments from counsel.

By Order dated February 16, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider GV. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>11</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider GV Projected Cost Recovery Factor revenue requirement is \$80,133,000, the AFUDC Cost Recovery Factor revenue requirement is \$1,665,000, and the total revenue requirement is \$81,798,000. Our approval herein reflects the ROE for Rider GV that the Commission previously determined to be supported by the record and the Code.<sup>12</sup>

<sup>3</sup> *Id.* at 7.

<sup>4</sup> *Id.* at 8; Ex 5 (Propst Direct) at 5-18.

<sup>5</sup> Ex. 2 (Application) at 6; Ex. 5 (Propst Direct) at 2-3.

<sup>6</sup> *See* Ex. ROE-10 (Woolridge Direct).

<sup>7</sup> Ex. 7 (Welsh Direct) at 6.

<sup>8</sup> *Id.* at 7.

<sup>9</sup> Tr. 5.

<sup>10</sup> Hearing Examiner's Report at 7.

<sup>11</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider GV, Greenville County Power Station*, Case No. PUE-2016-00060, Doc. Con. Cen. No. 170220478, Order (Feb. 16, 2017) at 13 ("February 16, 2017 Order").

<sup>12</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record after incorporating the 9.4% ROE approved by the Commission in the February 16, 2017 Order.

Accordingly, IT IS ORDERED THAT:

- (1) Rider GV, as approved herein, shall become effective for service rendered on and after April 1, 2017.
- (2) The Company forthwith shall file a revised Rider GV and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (3) On or before June 30, 2017, the Company shall file an application to revise Rider GV effective April 1, 2018.
- (4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

**CASE NO. PUE-2016-00061  
FEBRUARY 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY D/B/A DOMINION VIRGINIA POWER

For revision of rate adjustment clause: Rider R, Bear Garden Generating Station

**FINAL ORDER**

On June 1, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider R ("Application"). Through its Application, the Company seeks to recover costs associated with the Bear Garden Generating Station, a 590 megawatt (nominal) natural gas- and oil-fired combined-cycle generating facility and associated transmission interconnection facilities located in Buckingham County, Virginia.<sup>1</sup>

Dominion is seeking approval of Rider R for the rate year beginning April 1, 2017, and ending March 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.<sup>3</sup> In its Application, the Company requested a Projected Cost Recovery Factor revenue requirement of \$68,475,000, and an Actual Cost True-Up Factor revenue requirement of \$6,746,000, which equals a total revenue requirement of \$75,221,000 for service rendered during the 2017 Rate Year.<sup>4</sup>

Dominion utilized a rate of return on common equity ("ROE") of 11.5% for purposes of calculating the Projected Cost Recovery Factor in this case. This ROE comprises a general ROE of 10.5%, plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code.<sup>5</sup> For purposes of calculating the Actual Cost True-Up Factor, including an accompanying correction to the 2014 calendar year Actual Cost True-up Factor, the Company utilized an ROE of 11%, which comprises the general ROE of 10% approved by the Commission in its Final Order in Case No. PUE-2013-00020,<sup>6</sup> plus the 100 basis point enhanced return.<sup>7</sup>

On June 23, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

A notice of participation was filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

<sup>1</sup> Exhibit ("Ex.") 1 (Application) at 1.

<sup>2</sup> *Id.* at 4.

<sup>3</sup> *Id.* at 6.

<sup>4</sup> *Id.* at 6-7; Ex. 4 (Seiders Direct) at 5-10.

<sup>5</sup> Ex. 1 (Application) at 5-6; Ex. ROE-2 (Hevert Direct) at 51-52.

<sup>6</sup> *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

<sup>7</sup> Ex. 4 (Seiders Direct) at 3.

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On October 4, 2016, Consumer Counsel filed testimony related to the appropriate ROE that should be used in this proceeding.<sup>8</sup> On October 18, 2016, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$70,201,000, which is approximately \$5,020,000 less than the Company's proposed revenue requirement.<sup>9</sup> The difference between the Company's and Staff's revenue requirements is largely due to Staff's use of a lower ROE for purposes of calculating the Projected Cost Recovery Factor.<sup>10</sup>

A hearing on the non-ROE issues was conducted by the Hearing Examiner as scheduled on November 15, 2016. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff and Consumer Counsel attended this hearing. At the hearing, the Company clarified its requested revenue requirement to be \$75,219,000, adjusted to reflect Staff's recommended removal of the non-jurisdictional allowance for funds used during construction from Rider R. The non-ROE witness testimony was stipulated into the record without cross-examination. Thus, the only contested issue herein is the proper ROE for Rider R.

On December 20, 2016, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In his Report, the Hearing Examiner found that a total Rider R revenue requirement of \$75,219,000 for the 2017 Rate Year is reasonable, with the understanding that this amount is subject to revision based on the Commission's final determination on ROE.<sup>11</sup>

The Commission convened a hearing, as scheduled, on January 18, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, Consumer Counsel and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on ROE issues, and received closing arguments from counsel.

By Order issued February 16, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider R. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>12</sup> The Commission's Order further specified that, with the addition of the 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code, this results in a total ROE for Rider R of 10.4%.<sup>13</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider R Projected Cost Recovery Factor revenue requirement is \$65,312,000, the Actual Cost True-Up Factor revenue requirement is \$6,746,000, and the total revenue requirement is \$72,058,000. Our approval herein reflects the ROE for Rider R that the Commission previously determined to be supported by the record and the Code.<sup>14</sup>

Accordingly, IT IS ORDERED THAT:

(1) Rider R, as approved herein, shall become effective for service rendered on and after April 1, 2017.

(2) The Company forthwith shall file a revised Rider R and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) On or before June 30, 2017, the Company shall file an application to revise Rider R effective April 1, 2018.

(4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>8</sup> See Ex. ROE-8 (Woolridge Direct).

<sup>9</sup> Ex. 6 (Mangalam Direct) at 8.

<sup>10</sup> *Id.* Dominion also identified minor errors in Staff's recommended revenue requirement, to which Staff agreed. Ex. 8 (Seiders Rebuttal) at 3; Tr. 8.

<sup>11</sup> Hearing Examiner's Report at 8.

<sup>12</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2016-00061, Doc. Con. Cen. No. 170220478, Order (Feb. 16, 2017) at 13 ("February 16, 2017 Order").

<sup>13</sup> *Id.* at 13-14.

<sup>14</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record after incorporating the 9.4% ROE approved by the Commission in the February 16, 2017 Order.



**CASE NO. PUE-2016-00062  
FEBRUARY 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

**FINAL ORDER**

On June 1, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider S ("Application"). Through its Application, the Company seeks to recover costs associated with the Virginia City Hybrid Energy Center, a 610 megawatt (nominal) primarily coal-fueled generating plant and associated interconnection facilities located in Wise County, Virginia.<sup>1</sup>

Dominion is seeking approval of Rider S for the rate year beginning April 1, 2017, and ending March 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.<sup>3</sup> In its Application, the Company requested a Projected Cost Recovery Factor revenue requirement of \$230,706,000 and an Actual Cost True-Up Factor revenue requirement of \$23,215,000, which equals a total revenue requirement of \$253,921,000 for service rendered during the 2017 Rate Year.<sup>4</sup>

Dominion utilized a rate of return on common equity ("ROE") of 11.5% for purposes of calculating the Projected Cost Recovery Factor in this case. This ROE comprises a general ROE of 10.5%, plus a 100 basis point enhanced return applicable to a conventional coal generating station as described in § 56-585.1 A 6 of the Code.<sup>5</sup> For purposes of calculating the Actual Cost True-Up Factor, including an accompanying correction to the 2014 calendar year Actual Cost True-up Factor, the Company utilized an ROE of 11%, which comprises the general ROE of 10% approved by the Commission in its Final Order in Case No. PUE-2013-00020,<sup>6</sup> plus the 100 basis point enhanced return.<sup>7</sup>

On June 21, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On October 21, 2016, Consumer Counsel filed testimony related to the appropriate ROE that should be issued in this proceeding.<sup>8</sup> On November 9, 2016, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$236,510,000, which is approximately \$17,411,000 less than the Company's proposed revenue requirement.<sup>9</sup> The differences between the Company's and Staff's revenue requirements are the result of Staff's use of a lower ROE for purposes of calculating the Projected Cost Recovery Factor, error corrections, and rounding differences.<sup>10</sup>

A hearing on the non-ROE issues was conducted by the Hearing Examiner as scheduled on December 7, 2016. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff, the Committee, and Consumer Counsel attended this hearing. At the hearing, the Company stated that it agreed to the rounding differences and error corrections included in Staff's prefiled testimony.<sup>11</sup> Thus, the only contested issue herein is the proper ROE for Rider S.

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<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1.

<sup>2</sup> *Id.* at 4.

<sup>3</sup> *Id.* at 7.

<sup>4</sup> *Id.* at 8; Ex 4 (Propst Direct) at 5-10.

<sup>5</sup> Ex. 2 (Application) at 6; Ex. ROE-3 (Hevert Direct) at 51-52.

<sup>6</sup> *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

<sup>7</sup> Ex. 4 (Propst Direct) at 3.

<sup>8</sup> See Ex. ROE-9 (Woolridge Direct).

<sup>9</sup> Ex. 6 (Wong Direct) at 7; Ex. 7 (Revenue Requirement Comparison).

<sup>10</sup> Ex. 6 (Wong Direct) at 8.

<sup>11</sup> Tr. 6.

On December 15, 2016, the Report of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In his Report, the Hearing Examiner found that the Rider S Projected Cost Recovery Factor revenue requirement of \$213,389,000, the Actual Cost True-Up Factor revenue requirement of \$23,120,000, and the total revenue requirement of \$236,510,000 for the 2017 Rate Year, subject to the Commission's final determination on ROE, are reasonable and are supported by the evidence in this proceeding.<sup>12</sup>

The Commission convened a hearing, as scheduled, on January 18, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on ROE issues, and received closing arguments from counsel.

By Order issued February 16, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider S. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>13</sup> The Commission's Order further specified that, with the addition of the 100 basis point enhanced return applicable to a conventional coal generating station as described in § 56-585.1 A 6 of the Code, this results in a total ROE for Rider S of 10.4%.<sup>14</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider S Projected Cost Recovery Factor revenue requirement is \$219,776,000, the Actual Cost True-Up Factor revenue requirement is \$23,120,000, and the total revenue requirement is \$242,896,000. Our approval herein reflects the ROE for Rider S that the Commission previously determined to be supported by the record and the Code.<sup>15</sup>

Accordingly, IT IS ORDERED THAT:

(1) Rider S, as approved herein, shall become effective for service rendered on and after April 1, 2017.

(2) The Company forthwith shall file a revised Rider S and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) On or before June 30, 2017, the Company shall file an application to revise Rider S effective April 1, 2018.

(4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>12</sup> Hearing Examiner's Report at 8.

<sup>13</sup> *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2016-00062, Doc. Con. Cen. No. 170220478, Order (Feb. 16, 2017) at 13 ("February 16, 2017 Order").

<sup>14</sup> *Id.* at 13-14.

<sup>15</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record after incorporating the 9.4% ROE approved by the Commission in the February 16, 2017 Order.

### **CASE NO. PUE-2016-00063 FEBRUARY 27, 2017**

#### APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider W, Warren County Power Station

#### **FINAL ORDER**

On June 1, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider W ("Application"). Through its Application, the Company seeks to recover costs associated the Warren County Power Station, a 1,342 megawatt nominal natural gas-fired combined-cycle electric generating plant and associated transmission interconnection facilities located in Warren County, Virginia.<sup>1</sup>

Dominion is seeking approval of Rider W for the rate year beginning April 1, 2017, and ending March 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1.

<sup>2</sup> *Id.* at 3.

Factor.<sup>3</sup> In its Application, the Company requested a Projected Cost Recovery Factor revenue requirement of \$119,744,000 and an Actual Cost True-Up Factor revenue requirement of \$6,719,000, which equals a total revenue requirement of \$126,463,000 for service rendered during the 2017 Rate Year.<sup>4</sup>

Dominion used a rate of return on common equity ("ROE") of 11.5% for purposes of calculating the Projected Cost Recovery Factor in this case. This ROE comprises a general ROE of 10.5%, plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code.<sup>5</sup> For purposes of calculating the Actual Cost True-Up Factor, including an accompanying correction to the 2014 calendar year Actual Cost True-up Factor, the Company used an ROE of 11%, which comprises the general ROE of 10% approved by the Commission in its Final Order in Case No. PUE-2013-00020,<sup>6</sup> plus the 100 basis point enhanced return.<sup>7</sup>

On June 17, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On September 27, 2016, Consumer Counsel filed testimony related to the appropriate ROE that should be issued in this proceeding.<sup>8</sup> On October 11, 2016, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$117,226,000, which is approximately \$9,237,000 less than the Company's proposed revenue requirement.<sup>9</sup> The differences between the Company's and Staff's revenue requirements are the result of Staff's use of a lower ROE for purposes of calculating the Projected Cost Recovery Factor, error corrections, and rounding differences.<sup>10</sup>

A hearing on the non-ROE issues was conducted by the Hearing Examiner as scheduled on November 8, 2016. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff, the Committee, and Consumer Counsel attended this hearing. At the hearing, the Company clarified that its proposed revenue requirement was \$126,450,000, which includes the rounding differences and error corrections included in Staff's prefiled testimony.<sup>11</sup> The non-ROE witness testimony was stipulated into the record without cross-examination. Thus, the only contested issue herein is the proper ROE for Rider W.

On December 2, 2016, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In his Report, the Senior Hearing Examiner found that "Staff proposes an overall Rider W revenue requirement of \$117.253 million and [Dominion] seeks an overall Rider W revenue requirement of \$126.450 million, with the difference of \$9.197 million attributable solely to ROE."<sup>12</sup> The Senior Hearing Examiner recommended that the revenue requirement for the Projected Cost Recovery Factor and Actual Cost True-Up Factor for the Rate Year beginning April 1, 2017, be calculated consistent with the amounts and methodologies agreed to by the Company and Staff, subject to the Commission's determination of the applicable ROE.<sup>13</sup>

The Commission convened a hearing, as scheduled, on January 18, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel and the Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on ROE issues, and received closing arguments from counsel.

By Order issued February 16, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider W. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial

<sup>3</sup> *Id.* at 6.

<sup>4</sup> *Id.* at 8; Ex. 8 (Propst Direct) at 4-10.

<sup>5</sup> Ex. 2 (Application) at 6; Ex. ROE-1 (Hevert Direct) at 52.

<sup>6</sup> *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

<sup>7</sup> Ex. 8 (Propst Direct) at 3.

<sup>8</sup> *See* Ex. ROE-7 (Woolridge Direct).

<sup>9</sup> Ex. 11 (Welsh Direct) at 7; Ex. ROE-16 (Oliver direct).

<sup>10</sup> Ex. 11 (Welsh Direct) at 8. In Dominion's rebuttal testimony, Company witness Propst states that he identified a few minor errors in Staff's recommended revenue requirement, to which Staff agreed. Ex. 14 (Propst Rebuttal) at 3; Tr. 10.

<sup>11</sup> Tr. 7.

<sup>12</sup> Hearing Examiner's Report at 12.

<sup>13</sup> *Id.*

integrity, and satisfies all applicable constitutional standards.<sup>14</sup> The Commission's Order further specified that, with the addition of the 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code, this results in a total ROE for Rider W of 10.4%.<sup>15</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider W Projected Cost Recovery Factor revenue requirement is \$113,594,000, the Actual Cost True-Up Factor revenue requirement is \$6,715,000, and the total revenue requirement is \$120,669,000.<sup>16</sup> Our approval herein reflects the ROE for Rider W that the Commission previously determined to be supported by the record and the Code.

Accordingly, IT IS ORDERED THAT:

(1) Rider W, as approved herein, shall become effective for service rendered on and after April 1, 2017.

(2) The Company forthwith shall file a revised Rider W and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) On or before June 30, 2017, the Company shall file an application to revise Rider W effective April 1, 2018.

(4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>14</sup> *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station, Case No. PUE-2016-00063, Doc. Con. Cen. No. 170220478, Order (Feb. 16, 2017) at 13 ("February 16, 2017 Order").*

<sup>15</sup> *Id.* at 13-14.

<sup>16</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record, after incorporating the 9.4% ROE approved by the Commission in the February 16, 2017 Order.

**CASE NO. PUE-2016-00065  
MARCH 10, 2017**

APPLICATION OF  
CENTRAL WATER COMPANY, INC.

For an increase in rates and fees

**FINAL ORDER**

On November 15, 2015, Central Water Company, Inc. ("Central Water" or "Company"), pursuant to the Small Water or Sewer Public Utility Act ("SWSA") (§§ 56-265.13:1 *et seq.* of the Code of Virginia), notified its customers and the State Corporation Commission's Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after January 1, 2016.

The Company proposed to increase its rates and fees as follows:

Existing Rates:

- |    |   |                                    |
|----|---|------------------------------------|
| 1. | Service Connections   |                                    |
|    | ¾ inch service connection   | \$750.00 plus a gross up for taxes |
|    | Service connection over ¾ inch<br>plus cost to Company greater than for taxes | \$750.00 plus \$250.00 per ¼ inch, |
| 2. | Water Rates   |                                    |
|    | For any portion of the first 3,000 gallons                                    | \$20.00 (minimum charge)           |
|    | For the next 1,000 gallons  | \$5.50 per 1,000 gallons           |
| 3. | Availability Charge   |                                    |

An availability charge of \$15.00 per month will be charged for all lots served by the Company that have no house or become vacant. This charge is to start six (6) months after the lot is purchased from the original land developer.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Proposed Rates:

- |    |  |   |
|----|--|---|
| 1. | Service Connections  |   |
|    | ¾ inch service connection  | \$1,500.00 plus a gross up for taxes  |
|    | Service connection over ¾ inch   | \$1,500.00 plus \$800.00 per ¼ inch,<br>plus cost to Company greater than for taxes |
| 2. | Water Rates  |   |
|    | Minimum charge   | \$20.00   |
|    | For each 1,000 gallons   | \$6.00 per 1,000 gallons  |
| 3. | Availability Charge  |   |
|    | An availability charge of \$5,000 will be charged for all lots served by the Company that have no house or become vacant. The available water letter will be sent to the building department as soon as the availability charge has been paid. If any additional costs are incurred to extend the system to serve the property, costs will be assessed in addition to the availability charge in accordance with the Company's tariff. |   |

On March 9, 2016, the Division received a petition signed by 85 of Central Water's customers opposing the proposed rate increase. The petition requested that the State Corporation Commission ("Commission") fully review the proposed rate increase. The number of customers objecting to the proposed rate increase represents approximately 27% of the Company's total customers.

On June 16, 2016, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule; directed the Company to give notice to the public of its proposed rates and fees; and assigned this matter to a Hearing Examiner to conduct all further proceedings.

By Hearing Examiner's Ruling, a local public hearing in Daleville, Virginia, was held on November 30, 2016, for the receipt of public witness testimony. Nine public witnesses testified during the public hearing.

On December 6, 2016, the public hearing was reconvened in the Commission's courtroom in Richmond, Virginia. Staff and the Company participated in the hearing.

On January 24, 2017, the Report of Alexander F. Skirpan, Jr., the Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was filed. In his Report, the Senior Hearing Examiner discussed the procedural history and the record in this case and made certain findings and recommendations. Specifically the Report found that:

- (1) The use of a test year ending December 31, 2015, is proper in this proceeding;
- (2) Central Water's test year operating revenue, after all adjustments, including the effect of the proposed rate increase, is \$198,877;
- (3) Central Water's test year operating income prior to interest expense, after all adjustments, is \$59,557;
- (4) Central Water's adjusted test year rate base is \$677,491;
- (5) Central Water's proposed rates produce an overall return on rate base of 8.79%;
- (6) Central Water's proposed rates produce income sufficient to cover operating expenses, fund the Company's current level of plant investment, make debt payments, and provide a reasonable return;
- (7) Central Water's proposed rates produce earnings that are neither excessive nor unreasonable;
- (8) If the level of operator compensation added to expense is based on Central Water's recommended amount, Central Water's proposed rates produce income sufficient to cover operating expenses, fund the Company's current level of plant investment, make debt payments, provide a reasonable return, and produce earnings that are neither excessive nor unreasonable;
- (9) Central Water's proposed change in rate design to eliminate usage from the minimum monthly charge should be adopted;
- (10) Central Water's proposed connection charge should be adopted;
- (11) Central Water should be directed to refund all availability fees collected;
- (12) Central Water should implement a one-time \$5,000 capacity charge to be collected when an undeveloped lot is developed and connected to the system.<sup>1</sup>

The Senior Hearing Examiner also agreed with Staff's recommendation that the journal entry to reflect deferred operator salary should be reversed.<sup>2</sup>

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<sup>1</sup> Report at 21.

<sup>2</sup> *Id.* at 18.

In accordance with his findings, the Senior Hearing Examiner recommended that the Commission enter an order adopting the findings contained in the Report, granting Central Water's proposed rates, and dismissing the case from the Commission's docket of active cases.<sup>3</sup>

On January 31, 2017, Staff filed comments on the Hearing Examiner's Report supporting the findings and recommendations set forth in the Report. The comments also noted that Staff made several recommendations with respect to the Company's books and records that the Report did not fully address. Specifically, Staff witness Armstrong recommended that: (1) the Company should evaluate the most accurate way of prospectively allocating various common costs among the three water utilities operated by Stephen C. Rossi;<sup>4</sup> (2) the Company should use a composite rate of 3% for booking depreciation prospectively, in accordance with the rule implementing the SWSA, 20 VAC 5-200-40; and (3) the Company should reverse the 2016 journal entry that debited plant in service and credited a liability for deferred operator salary. In its comments, Staff confirmed its continued support of these three recommendations and requested the Commission to address them in the final order in this case.<sup>5</sup>

On February 14, 2017, the Company filed comments on the Hearing Examiner's Report requesting that the Commission adopt the findings and recommendations of the Report, and it also noted that the Company did not object to Staff's recommendations that Central Water evaluate the most accurate way of prospectively allocating common costs among the Company's three water utilities and that it use a composite rate of 3% for booking depreciation.<sup>6</sup>

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Senior Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted as discussed herein.

(2) Central Water is hereby authorized to make the rates approved herein final, consistent with the Hearing Examiner's findings and recommendations.

(3) Central Water shall implement Staff's recommendations with respect to the Company's books and records. Specifically, the Company shall evaluate the most accurate way of prospectively allocating various common costs among its three water utilities; the Company shall use a composite rate of 3% for booking depreciation prospectively; and the Company shall reverse the 2016 journal entry that debited plant in service and credited a liability for deferred operator salary.

(4) The Company shall forthwith file with the Clerk of the Commission and with the Commission's Division of Public Utility Regulation revised tariffs and terms and conditions of service that reflect the rates and charges approved herein. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(5) This matter is dismissed.

<sup>3</sup> *Id.* at 22.

<sup>4</sup> In addition to Central Water, Stephen C. Rossi also operates Santillane Water Company, Inc. and Virginia Ridge Water Company, Inc. See Exhibit 6 (Armstrong Direct) at 1.

<sup>5</sup> Staff Comments at 2.

<sup>6</sup> Company Comments at 2.

**CASE NO. PUE-2016-00067  
MAY 23, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
d/b/a DOMINION VIRGINIA POWER

For approval and certification to relocate portions of 230 kV transmission line #2042 at Graham Quarry under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**ORDER**

On May 31, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to relocate an approximately 0.5-mile section of the existing single-circuit 230 kilovolt transmission line, Occoquan Substation - Ogden Martin Systems of Fairfax, Inc., Line #2042, located in Fairfax County near the Graham Quarry (the "Relocation Project") owned and operated by Vulcan Materials Company ("Vulcan").

On October 19, 2016, after, among other things, convening a hearing on the Application, the Commission issued an Order ("October Order") in this proceeding that, among other things, granted the Company's Application and approved a certificate of public convenience and necessity for the Relocation Project, subject to the requirements set forth therein. The October Order included Ordering Paragraph (5), which states as follows:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Relocation Project approved herein must be constructed and in service by May 31, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.<sup>1</sup>

On May 9, 2017, Dominion filed an Unopposed Motion for Extension of Construction and In-Service Date ("Motion") by which the Company requests an extension of the May 31, 2017 date included in Ordering Paragraph (5) until December 31, 2017. In support of its Motion, Dominion states, among other things, that the Company will not be able to complete the Relocation Project by the deadline of May 31, 2017, because Vulcan has not yet obtained the permits or completed grading of the property necessary to complete the Relocation Project; the Relocation Project is fully funded by Vulcan, which has provided all necessary funds to the Company; and counsel for the Commission's Staff ("Staff") has authorized Dominion to represent that Staff does not object to the requested extension.<sup>2</sup>

NOW THE COMMISSION, having considered this matter, finds that the Company's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion's Motion is hereby granted.
- (2) The May 31, 2017 completion and in-service date in Ordering Paragraph (5) of the October Order is extended until December 31, 2017, provided, however, that Dominion is granted leave to apply for extension of this date for good cause shown.
- (3) As there is nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

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<sup>1</sup> October Order at 11.

<sup>2</sup> Motion at 2-3. No party intervened to participate as a respondent in this proceeding.

**CASE NO. PUE-2016-00068  
APRIL 20, 2017**

APPLICATION OF  
AQUA VIRGINIA, INC.

For an Annual Informational Filing

**ORDER DISMISSING PROCEEDING**

On July 28, 2016, Aqua Virginia, Inc. ("Aqua" or "Company"), filed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the 12 months ended March 31, 2016 ("Test Year").

On January 20, 2017, the Staff of the Commission ("Staff") filed its report ("Staff Report") on the Company's AIF. The Staff Report included both financial and accounting analyses. After making several accounting adjustments, Staff concluded that the Company earned a fully adjusted Test Year return on common equity ("ROE") of 8.92%, which falls within the Company's authorized range of 8.75% - 9.75% established by the Commission in its Final Order in Case No. PUE-2014-00045.<sup>1</sup> Therefore, Staff recommended that no action relating to the Company's base rates should be taken at this time.<sup>2</sup>

Staff further recommended that the Company's remaining authorized regulatory assets be considered fully recovered for regulatory purposes.<sup>3</sup> In support of this recommendation, Staff asserted that the Company has recovered the costs associated with its regulatory assets through its earnings. Staff further stated that after accelerated recovery of all remaining authorized regulatory assets, the Company's ROE would still be within the Commission's authorized range.<sup>4</sup> Staff recommended that in future AIFs and base rate cases that the Company identify in Schedule 15 which regulatory assets are recognized for ratemaking purposes and which are deferred for booking purposes only.<sup>5</sup>

On February 20, 2017, the Company, by counsel, filed the Response of Aqua Virginia, Inc. to Staff Report on Annual Informational Filing ("Response"). In its Response, the Company disagreed with Staff's recommendation that its authorized regulatory assets should be considered recovered for regulatory purposes.

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<sup>1</sup> Staff Report at 13. *See Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, Doc. Con. Cen. No. 160110195, Final Order (Jan. 7, 2016).

<sup>2</sup> Staff Report at 13.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 9.

<sup>5</sup> *Id.* at 6.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that no action on the Company's rates should be taken at this time.

The Commission also finds that the Company's remaining authorized regulatory assets should be considered recovered for regulatory purposes based on the midpoint of the authorized ROE range of 8.75% - 9.75%. The Company shall, in all future AIF filings and rate case applications, identify in Schedule 15 which regulatory assets have been recognized by the Commission for ratemaking purposes and which are deferred for booking purposes only.

Accordingly, IT IS SO ORDERED.

**CASE NO. PUE-2016-00076  
MAY 3, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For authority to revise Rate Schedule PT-1, Pipeline Transportation Service

**FINAL ORDER**

On July 26, 2016, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for authority to revise Rate Schedule PT-1 in order to update the calculation of rates for services consistent with the individual contracts ("Agreements") being renewed by Doswell Limited Partnership, the City of Richmond, and Columbia Gas of Virginia, Inc. (collectively, "Renewing Customers"), pursuant to the provisions set forth in the Agreements.<sup>1</sup>

On August 19, 2016, the Commission entered an Order Prescribing Notice, Suspending Tariffs, and Inviting Comments and Requests for Hearing ("Procedural Order"). The Procedural Order directed the Company to provide notice of the Application to the Renewing Customers, provided interested parties the opportunity to participate in this proceeding and request a hearing, and permitted Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") containing its findings and recommendations.

On September 26, 2016, Staff filed its Report. In the Report, Staff stated that it could not recommend approval of VNG's Application because the Company had provided little, if any, support for a finding that the proposed Rate Schedule PT-1 is in the public interest.<sup>2</sup>

On November 16, 2016, VNG filed its response ("November 16 Response"),<sup>3</sup> which contained, among other things, a description of the calculation of the revised proposed rate for the renewal period ("Revised Proposed Rate") and explained how the Revised Proposed Rate calculation in the Amended Application differs from the proposed rate calculation that was requested in the Application. Among other things, the Revised Proposed Rate calculation has been expanded to include recovery of operating and maintenance expenses and property taxes, which were not included in the previously approved PT-1 rate.

On December 13, 2016, the Commission entered an Order Establishing Additional Proceedings ("Amended Procedural Order"). The Amended Procedural Order, among other things, extended Rate Schedule PT-1 beyond December 31, 2016, at the 300<sup>th</sup> month rate on an interim basis, subject to deferral and true-up; directed the Company to serve a copy of the Amended Application and the Amended Procedural Order upon the Renewing Customers by January 10, 2017; and set forth a new schedule to provide interested parties the opportunity to participate in this proceeding and request a hearing.

On January 6, 2017, VNG filed a letter to inform the Commission that Virginia Electric and Power Company ("Dominion Virginia Power") had renewed its agreement with VNG for pipeline transportation service under Rate Schedule PT-1 and that it should be considered a "Renewing Customer" for purposes of this proceeding.<sup>4</sup> The Company further represented that it would provide Dominion Virginia Power with a copy of the Amended Application and Amended Procedural Order on or before January 10, 2017.<sup>5</sup>

On January 20, 2017, Virginia Power Service Energy Corp., Inc. ("VPSE") filed a Notice of Participation as a respondent in this docket. VPSE noted that it is a wholly owned indirect subsidiary of Dominion Virginia Power and is the party in interest that interacts with VNG and receives service under Rate Schedule PT-1. On January 31, 2017, VPSE filed a letter informing the Commission that it would not be filing any written comments or requests for hearing in this docket.<sup>6</sup> No other Renewing Customers filed comments, notices of participation, or requests for hearing. Furthermore, none of the Renewing Customers objected to the proposed rate or the effective date of January 1, 2017.

<sup>1</sup> Rate Schedule PT-1 was originally approved in Case No. PUE-1991-00051 and set forth the capacity charge per decatherm for each of the 300 months during the 25-year initial term of the original agreements. See, *Application of Virginia Natural Gas, Inc., For approval of Pipeline Transportation Service Rates*, Case No. PUE-1991-00051, 1992 S.C.C. Ann. Rept. 296, Final Order (Feb. 12, 1992).

<sup>2</sup> Staff Report at 8.

<sup>3</sup> Because the Company's November 16 Response proposes a rate calculation that is materially different from the proposed rate calculation filed with the Application, the Commission treated the November 16 Response as an amended application ("Amended Application").

<sup>4</sup> Letter from Joseph K. Reid, III, Esquire to Joel H. Peck, Clerk of the Commission, Doc. Con. Cen. No. 170110065 (Jan. 6, 2017).

<sup>5</sup> *Id.*

<sup>6</sup> Letter from William H. Baxter, II, Esquire to Joel H. Peck, Clerk of the Commission, Doc. Con. Cen. No. 178180020 (Jan. 31, 2017).



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Staff filed its Report on Amended Application on February 9, 2017. In its Report on Amended Application, Staff made the following recommendations: (1) should the Commission approve a PT-1 rate different than the 300<sup>th</sup> month rate, VNG should be required to file a Report of Action within 60 days of the Commission's ruling on such rate in this proceeding, including calculations of the deferral balance for each of the Renewing Customers and any collections due from, or refunds owed to, each of the Renewing Customers; (2) the Revised Proposed Rate should be applied to all Renewing Customers; (3) the Company should be required to provide detailed information relative to its proposed annual adjustment of costs in the Revised Proposed PT-1 tariff; (4) the Company should remove Confidential Attachment A associated with Schedule PT-1 and include any Commission-approved rate in the tariff; (5) should the Commission determine that the Company's Revised Proposed Rate does not qualify as an automatic adjustment clause, Staff recommends that VNG file with the Commission revisions, if any, to the PT-1 rate in a docketed proceeding and memorialize the Commission's decision in this matter in its Rate Schedule PT-1 Tariff; and (6) if the Commission approves the proposed calculation of the PT-1 rate, Staff believes such approval should be accompanied by a requirement that VNG's distribution ratepayers be held harmless from any deficient returns produced by the PT-1 class in the future.<sup>7</sup> Staff further noted that, should the Commission approve VNG's Revised Proposed Rate, Staff is uncertain whether the increase in the PT-1 rate would qualify as its one rate increase per year and would therefore prohibit the Company from proceeding with its base rate case ("2017 Base Rate Case").<sup>8</sup>

On March 24, 2017, the Company filed its Response to Staff Report ("March 24 Response") wherein it agreed with or did not oppose all but one of Staff's recommendations.<sup>9</sup> Specifically, VNG took issue with Staff's recommendation that VNG be required to hold the Company's distribution ratepayers harmless should the PT-1 rate produce deficient returns.<sup>10</sup> In support of its position, the Company stated in its March 24 Response that the original basis for Staff's recommendation was resolved with the development of the Revised Proposed Rate in the Amended Application<sup>11</sup> and that any impact to the distribution ratepayers can, and should, be addressed in the Company's 2017 Base Rate Case and any future base rate cases.<sup>12</sup> With regard to Staff's concern whether Code § 56-235.4, which prohibits multiple rate increases within any 12-month period, would prohibit the Company from proceeding with its 2017 Base Rate Case, the Company asserted that Code § 56-235.4 does not apply to the PT-1 rate but requested that the Commission approve the Revised Proposed Rate for Rate Schedule PT-1 effective September 1, 2017, the same date the Company's proposed new base rates would take effect on an interim basis in the 2017 Base Rate Case.<sup>13</sup>

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Revised Proposed Rate should be approved subject to those recommendations made by Staff and agreed to by the Company.<sup>14</sup> The Company should file a Report of Action within 60 days of the date of this Order including calculations of the deferral balance for each Renewing Customer and any collections due from, or refunds owed to, each Renewing Customer. The Company should file in a docketed proceeding, on or before March 1, 2018, and each year thereafter in which Rate Schedule PT-1 is in effect, its annual adjustment of the PT-1 rate. Further, we find that any impact to the distribution ratepayers should be addressed in the Company's 2017 Base Rate Case that is currently pending before the Commission and in each base rate case filed thereafter.

Accordingly, IT IS ORDERED THAT:

- (1) The Revised Proposed Rate hereby is approved.
- (2) Within sixty (60) days of the date of this Order, the Company shall file a Report of Action including calculations of the deferral balance for each Renewing Customer and any collections due from, or refunds owed to, each Renewing Customer.
- (3) Within thirty (30) days of the date of this Order, the Company shall file a copy of the tariff, Rate Schedule PT-1, with the Commission. The Company shall simultaneously submit a copy of the tariff, Rate Schedule PT-1, to the Commission's Division of Public Utility Regulation.
- (4) On or before March 1, 2018, the Company shall file with the Commission its annual adjustment to Rate Schedule PT-1.
- (5) This case hereby is dismissed.

<sup>7</sup> Report on Amended Application at 9-10.

<sup>8</sup> *Id.* at 10. On March 31, 2017, the Company filed an application for an increase in its base rates. *See, Application of Virginia Natural Gas, For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, Doc. Con. Cen. No. 170340102 (Mar. 31, 2017).

<sup>9</sup> Response at 8.

<sup>10</sup> *Id.* at 13-16.

<sup>11</sup> *Id.* at 13.

<sup>12</sup> *Id.* at 15.

<sup>13</sup> *Id.* at 5-8.

<sup>14</sup> Based on the specific circumstances of this particular tariff, we note the expansion of this existing service does not implicate the provisions of § 56-235.4 of the Code.

**CASE NO. PUE-2016-00077  
JANUARY 17, 2017**

APPLICATION OF  
THE POTOMAC EDISON COMPANY

For approval and certification of the Double Toll Gate-Riverton 138 kV Transmission Line Rebuild under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq*

**FINAL ORDER**

On July 21, 2016, The Potomac Edison Company ("Potomac Edison" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification for transmission facilities in connection with the proposed rebuild of the Double Toll Gate-Riverton 138 kV Transmission Line ("Application"). Potomac Edison filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq*.

According to the Application, the Company proposes to rebuild, entirely within its existing right-of-way, approximately 6.3 miles of its existing 138 kV Double Toll Gate-Riverton Transmission Line in Clarke and Warren Counties ("Rebuild Project").<sup>1</sup>

On August 12, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted the opportunity for interested persons to request a hearing, comment on the Application, and participate in the proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing Staff's findings and recommendations; and assigned a Hearing Examiner to conduct all further proceedings in this matter. No notices of participation were filed in this proceeding.

On August 15, 2016, the Company filed a Motion to Modify Required Notice and Procedural Schedule and for Expedited Treatment ("Motion"), stating that the Application incorrectly referenced the location of a proposed work area.

By a Hearing Examiner's Ruling dated August 17, 2016, the Motion was granted and a revised procedural schedule was entered. The revised procedural schedule extended the deadlines for publication of notice, filing as a respondent, and the public comment period.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Project by the appropriate agencies and to provide a report on the review. On September 29, 2016, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Rebuild Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Continue to coordinate with the Department of Conservation and Recreation's Karst Protection Coordinator for the protection of karst resources in the project area;
- Coordinate with the Department of Conservation and Recreation for updates to the Biotics Data System database (if the scope of the project changes or six months passes before the project is implemented);
- Coordinate with the Department of Game and Inland Fisheries, Department of Conservation and Recreation, and U.S. Fish and Wildlife Service to ensure compliance with federal guidelines for the protection of the Madison Cave isopod;
- Coordinate with the Department of Game and Inland Fisheries regarding its general recommendation to protect wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation to avoid or minimize any adverse impacts to open space properties and their public values;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>2</sup>

On November 15, 2016, Staff filed a Staff Report summarizing the results of its investigation of Potomac Edison's Application. Staff concluded that the Company has reasonably demonstrated the need for the proposed Rebuild Project and therefore does not oppose the issuing of the requested certificate.<sup>3</sup>

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<sup>1</sup> Application at 2.

<sup>2</sup> DEQ Report at 5-6.

<sup>3</sup> Staff Report at 11.

On November 21, 2016, Potomac Edison filed a response to the Staff Report in which the Company stated that it supports the Staff's findings and conclusions.<sup>4</sup>

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on January 5, 2017. In his Report, the Hearing Examiner found that: there is a need for the proposed Rebuild Project; the proposed Rebuild Project is justified by the public convenience and necessity; a certificate of public convenience and necessity should be issued for the Company's proposed Rebuild Project; the proposed Rebuild Project is necessary to support ongoing economic development in the local area; the proposed Rebuild Project will maximize the use of existing right-of-way ("ROW"); and the proposed Rebuild Project will reasonably minimize adverse impacts on the environment of the area concerned.<sup>5</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds the public convenience and necessity require that the Company construct the Rebuild Project and that a certificate of public convenience and necessity authorizing the Rebuild Project should be issued subject to the findings and conditions contained herein.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service. . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Need

The Commission finds that the Company's proposed Rebuild Project is needed. No party has challenged the need for the proposed Rebuild Project. The record reflects that completing the Rebuild Project would replace aging infrastructure that is nearing the end of its expected service life and maintain the reliability of the grid.<sup>6</sup>

#### Economic Development

The Commission finds that the proposed Rebuild Project will promote economic development in the Commonwealth of Virginia by maintaining the operations reliability of the transmission line and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

#### Rights-of-Way and Routing

Potomac Edison has adequately considered existing ROW. If approved, the proposed Rebuild Project would be located entirely within existing ROW.<sup>7</sup>

#### Scenic Assets and Historic Districts

The Rebuild Project will be located entirely within existing ROW. The Commission finds that use of the existing route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by Code § 56-46.1 B.

<sup>4</sup> Response to Staff Report at 1.

<sup>5</sup> Report at 7.

<sup>6</sup> See *e.g.*, Staff Report at 2-4; Application, Appendix at 1-2.

<sup>7</sup> Application, Appendix at 5.

Environmental Impact

Pursuant to Code § 56-46.1 A and B, the Commission is required to consider the proposed Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>8</sup> We therefore find that, as a condition to our approval herein, Potomac Edison must comply with all of DEQ's recommendations as provided in the DEQ Report. Further, Potomac Edison should be required to obtain all necessary environmental permits and approvals needed to construct and operate the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Potomac Edison is authorized to construct and operate the Rebuild Project, as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificate of public convenience and necessity to Potomac Edison:

Certificate No. ET-17g, which authorizes the Potomac Edison Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Clarke and Warren Counties, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00077, cancels Certificate No. ET-17f, issued to the Potomac Edison Company on December 15, 2014, in Case No. PUE-2014-00070.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three (3) copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate No. ET-17f.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by June 1, 2017. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter is dismissed.

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<sup>8</sup> The DEQ recommendations are set forth above and discussed in the DEQ Report.

**CASE NO. PUE-2016-00078  
MARCH 24, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For approval and certification of Carson-Rogers Road 500 kV Transmission Line Rebuild under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On August 18, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of transmission facilities in connection with the proposed rebuild of the 500 kilovolt ("kV") Carson-Rogers Road Line ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

According to the Application, the Company proposes to rebuild, entirely within its existing right-of-way ("ROW"), approximately 27.5 miles of its existing 500 kV Carson-Rogers Road Line #585 in Dinwiddie, Sussex, and Greensville Counties from Structure #3 outside Carson Switching Station to Structure #142 located at a point north of the junction of Line #585 and Line #570, approximately 0.9 mile northwest of the Company's approved Rogers Road Switching Station in Greensville County currently under construction (collectively, the "Rebuild Project").<sup>1</sup>

On September 9, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide notice of its Application; granted the opportunity for interested persons to request a hearing,

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<sup>1</sup> Application at 2; Appendix at 1.

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comment on the Application, and participate in the proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing the Staff's findings and recommendations; and assigned a Hearing Examiner to conduct all further proceedings in this matter. No notices of participation were filed in this proceeding.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Project by the appropriate agencies and to provide a report on the review. On October 28, 2016, DEQ filed its report ("DEQ Report") with the Commission. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Rebuild Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Conduct project activities in a manner consistent with air pollution control practices for minimizing emissions, especially during periods of high ozone;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation to determine the need to conduct inventories for the Cuthbert turtlehead, Barking treefrog, rare butterflies and rare dragonflies in the project area;
- Coordinate with the U.S. Fish and Wildlife Service due to the legal status of the Dwarf wedgemussel, Atlantic pigtoe and Roanoke logperch to ensure compliance with protective species legislation;
- Coordinate with the Department of Conservation and Recreation for updates to the Biotics Data System database (if the scope of the project changes or six months pass before the project is implemented);
- Adhere to a time-of-year restriction from March 15 through June 30 of any year for any impacts on Stony Creek and the Nottoway River and/or their tributaries, due to the presence of Roanoke logperch;
- Coordinate with the Department of Game and Inland Fisheries on any needed mussel surveys and relocations for the Dwarf wedgemussel and Atlantic pigtoe in the Nottoway River, Sappony Creek, and Three Creek and/or any of their perennial tributaries;
- Coordinate with the Department of Game and Inland Fisheries regarding its general recommendations to protect wildlife resources;
- Coordinate with the Virginia Department of Transportation on any ongoing road maintenance activities to Route 58 and for permits to work within state maintained ROW;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>2</sup>

On January 11, 2017, the Staff filed its Staff Report, summarizing the results of its investigation of Dominion's Application. The Staff concluded that Dominion had reasonably demonstrated the need for the proposed Rebuild Project.<sup>3</sup>

On January 25, 2017, Dominion filed rebuttal testimony. In its rebuttal testimony, the Company agreed with the Staff's conclusion that the Company had demonstrated the need for the Rebuild Project and offered testimony clarifying certain factual points.<sup>4</sup>

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on March 10, 2017. In his Report, the Hearing Examiner found that: the proposed Rebuild Project is justified by the public convenience and necessity; the proposed Rebuild Project will maximize the use of existing ROW; the recommendations contained in the DEQ Report are reasonable and should be adopted by the Commission as conditions of approval; the proposed Rebuild Project is essential to support ongoing economic development and overall system reliability; the proposed Rebuild Project is not suitable for underground construction; and the proposed Rebuild Project, with its use of existing ROW and tower design, reasonably mitigates the overall impact and generally improves the aesthetics of the proposed Rebuild Project.<sup>5</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project and that certificates of public convenience and necessity authorizing the Rebuild Project should be issued subject to the findings and conditions contained herein.

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<sup>2</sup> DEQ Report at 5-6.

<sup>3</sup> Staff Report at 21.

<sup>4</sup> Rebuttal Testimony of Amanda M. Mayhew at 2. The Company did not object to the summary of recommendations contained in the DEQ Report and noted that it would coordinate further with the U.S. Fish and Wildlife Service and the Virginia Department of Game and Inland Fisheries regarding their recommendation to perform mussel surveys and relocations, as the Company would not impact watercourses on the Rebuild Project. *Id.* at 4.

<sup>5</sup> Report at 12.

### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct, . . . facilities for use in public utility service, . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege." Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing ROW easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

### Need

The Commission finds that the Company's proposed Rebuild Project is needed. No party has challenged the need for the proposed Rebuild Project. The record reflects that completing the Rebuild Project is necessary to ensure compliance with PJM Interconnection, L.L.C. Reliability Standards and the North American Electric Reliability Corporation Reliability Standards and will resolve a long-term need to meet the requirements of the Company's Transmission Planning criteria related to aging infrastructure.<sup>6</sup>

### Economic Development

The Commission finds that the proposed Rebuild Project will promote economic development in the Commonwealth of Virginia by maintaining the operations reliability of the transmission line and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

### Rights-of-Way and Routing

Dominion has adequately considered existing ROW. If approved, the proposed Rebuild Project would be located entirely within existing ROW.<sup>7</sup>

### Scenic Assets and Historic Districts

Due to the fact that the Rebuild Project will be located within existing ROW, the Commission finds that adverse impacts on scenic assets and historic districts in the Commonwealth will be minimized as required by Code § 56-46.1 B.

### Environmental Impact

Pursuant to Code § 56-46.1 A and B, the Commission is required to consider the proposed Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>8</sup> Therefore, the Commission finds that, as a condition to approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report. Further, Dominion should be required to obtain all necessary environmental permits and approvals needed to construct and operate the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Project, as proposed in its Application, subject to the findings and conditions imposed herein.

<sup>6</sup> See, e.g., Staff Report at 5-11; Application, Appendix at 1-7.

<sup>7</sup> Application, Appendix at 31.

<sup>8</sup> The DEQ recommendations are set forth above and discussed in the DEQ Report.

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(2) Pursuant to Code §§ 56-46.1, 56-265.2 and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission issues the following certificates of public convenience and necessity to Dominion:

Certificate No. ET-76k, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Dinwiddie County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00078; Certificate No. ET-76k cancels Certificate No. ET-76j issued to Virginia Electric and Power Company on October 31, 2008, in Case No. PUE-2007-00020.

Certificate No. ET-83i, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Greensville County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00078; Certificate No. ET-83i cancels Certificate No. ET-83h issued to Virginia Electric and Power Company on April 12, 2016, in Case No. PUE-2015-00075.

Certificate No. ET-112f, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Sussex County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00078; Certificate No. ET-112f cancels Certificate No. ET-112e issued to Virginia Electric and Power Company on October 31, 2008, in Case No. PUE-2007-00020.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three (3) copies of appropriate maps that show the routing of the transmission line approved herein in addition to the facilities shown on the maps for cancelled Certificate Nos. ET-76j, ET-83h, and ET-112e.

(5) Upon receiving the maps directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the appropriate maps attached.

(6) The Rebuild Project approved herein must be constructed and in service by December 31, 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter is dismissed.

**CASE NO. PUE-2016-00079  
MARCH 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed Oceana Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia

**FINAL ORDER**

On August 1, 2016, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and a certificate of public convenience and necessity ("CPCN") to construct and operate an approximately 17.6 megawatt ("MW") (nominal alternating current ("AC")) utility-scale solar electric generating facility on the Naval Air Station Oceana in the city of Virginia Beach, Virginia ("Oceana Solar Facility" or "Facility").<sup>1</sup> The Company requests approval and a CPCN for the Oceana Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.<sup>2</sup>

Dominion proposes to build the Oceana Solar Facility on approximately 93 acres of federal property, which is currently used for farming, on the Naval Air Station Oceana.<sup>3</sup> As proposed, the Oceana Solar Facility would include ground-mounted, single-axis tracking photovoltaic arrays and would interconnect using 34.5 kilovolt distribution-level facilities (together with the proposed Oceana Solar Facility, the "Project").<sup>4</sup>

Dominion would build and operate the Project, if approved, as part of a "public-private partnership." The electrical output of the Facility would be dedicated solely to the Commonwealth of Virginia ("Commonwealth"), a non-jurisdictional customer of the Company, and the Commonwealth would

<sup>1</sup> Ex. 2 (Application) at 1.

<sup>2</sup> 20 VAC 5-302-10 *et seq.*

<sup>3</sup> Ex. 4 (Mitchell Direct) at 4-5.

<sup>4</sup> *Id.* at 2.

purchase this electrical output at a negotiated price for a term of 25 years. Additionally, the Company would retire renewable energy credits in an amount equivalent to those generated by the Project on the Commonwealth's behalf.<sup>5</sup>

Dominion estimates the cost of the proposed Project to be approximately \$39.6 million, excluding financing costs, or approximately \$2,252/kilowatt at the 17.6 MW (nominal AC) rating.<sup>6</sup> Dominion states that it is not seeking to recover the cost of the Project from its Virginia jurisdictional customers through either a rate adjustment clause ("RAC") or base rates. The Company further states that there would be no impacts to its Virginia jurisdictional cost of service, base rates, fuel rates, or RACs as a result of the Company's ownership and operation of the Project during the 25-year term of the agreement described above.<sup>7</sup>

If approved, Dominion Virginia Power expects the proposed Project to begin commercial operation on or about December 2017.<sup>8</sup>

On August 18, 2016, the Commission issued an Order for Notice and Hearing that, among other things, directed Dominion to provide public notice of its Application; scheduled a public hearing for the purpose of receiving testimony and evidence on the Application; established a procedural schedule to allow interested persons an opportunity to file comments on the Application or to participate in this proceeding as a respondent; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon; and assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

The Department of Environmental Quality ("DEQ") coordinated an environmental review of the proposed Project and filed a report ("DEQ Report") on October 14, 2016.<sup>9</sup> The DEQ recommends that Dominion:

- (1) Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams (Environmental Impacts and Mitigation, item 1(c), pages 6-7).
- (2) Follow DEQ's recommendation to restrict the emissions of volatile organic compounds and oxides of nitrogen during construction, principally by controlling or limiting the burning of fossil fuels. (Environmental Impacts and Mitigation, item 4(d), page 10).
- (3) Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable (Environmental Impacts and Mitigation, item 5(c), page 12).
- (4) Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage for updates to the Biotics Data System database if six months have passed before the Project is implemented (Environmental Impacts and Mitigation, item 6(e), page 13).
- (5) Contact the Department of Transportation regarding the recommendation for local coordination related to access management, traffic control, and local requirements (Environmental Impacts and Mitigation, item 8(c), page 15).
- (6) Coordinate with the local utility to verify potential impacts to public water distribution systems or sanitary sewage collection systems (Environmental Impacts and Mitigation, item 9(c), page 15).
- (7) Follow the Department of Aviation's recommendations to ensure that the construction of the Facility does not create hazards to air navigation (Environmental Impacts and Mitigation, item 11(b), page 16).
- (8) Follow the principles and practices of pollution prevention to the maximum extent practicable (Environmental Impacts and Mitigation, item 12, pages 16-17).
- (9) Limit the use of pesticides and herbicides to the extent practicable (Environmental Impacts and Mitigation, item 13, page 17).<sup>10</sup>

On January 31, 2017, the hearing was convened. The Company and Staff participated in the hearing. On February 17, 2017, Dominion and Staff filed post-hearing briefs.

On March 3, 2017, Senior Hearing Examiner Alexander Skirpan issued a report ("Hearing Examiner's Report") that explained the procedural history of this case; summarized, and made certain findings based on, the record; and recommended that the Commission grant the Company a CPCN to construct and operate the Project.

<sup>5</sup> Ex. 2 (Application) at 3.

<sup>6</sup> *Id.* at 5.

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> Ex. 10 (DEQ Report).

<sup>10</sup> *Id.* at 3-4.



NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application should be approved subject to the requirements set forth in this Order.

Code

Section 56-580 D of the Code states in part as follows:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest . . . . Small renewable energy projects as defined in § 10.1-1197.5 are in the public interest and in determining whether to approve such project, the Commission shall liberally construe the provisions of this title.

Section 56-46.1 A of the Code states in part as follows:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . .<sup>11</sup> In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-596 A of the Code states "[i]n all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

CPCN

Based on the record, the Commission concludes that the Oceana Solar Facility will have no material adverse effect upon reliability of electric service and is not contrary to the public interest.<sup>12</sup> Additionally, the Oceana Solar Facility is within the categories of generation facilities that the General Assembly has declared to be "in the public interest."<sup>13</sup>

The Commission also concludes that the Oceana Solar Facility is required by the public convenience and necessity subject to Dominion effectively "ring-fencing" the costs of constructing and operating the Project so that Virginia jurisdictional retail customers are held harmless from the impacts of the Project. To ensure that Virginia jurisdictional customers do not subsidize the Project in any respect, Dominion proposes to isolate the costs of constructing and operating the Oceana Solar Facility and associated interconnection facilities, such that "[t]here will be no impacts to the Virginia jurisdiction cost of service, base rates, fuel rates, or RACs . . . ."<sup>14</sup> As indicated by Staff, such a ring-fence is important because it aligns the need asserted for the Facility with its cost recovery and ensures that the rates of Virginia jurisdictional customers do not reflect a facility not used to serve them.<sup>15</sup> Staff also recommends, and the Company has agreed, as conditions to any Commission approval in this proceeding, that Dominion:

- (1) track all costs associated with the Oceana Solar Facility separately on its books;
- (2) allocate overhead expenses to the Facility consistent with the methodology used for the Company's generation RACs;
- (3) maintain documentation demonstrating that all costs associated with the Facility are tracked separately on the Company's books;

<sup>11</sup> Section 56-580 D of the Code contains a nearly identical provision applicable specifically to generation facilities.

<sup>12</sup> See, e.g., Ex. 9 (Samuel Direct) at 5-8, 14; Ex.11 (Corsello Rebuttal) at 2.

<sup>13</sup> See, e.g., Code § 56-580 D. "[S]mall renewable energy project[s]" include solar generation facilities "with a rated capacity not exceeding 100 [MW]." Code § 10.1-1197.5.

<sup>14</sup> Ex. 2 (Application) at 4.

<sup>15</sup> See Staff's Post-Hearing Brief at 6-7.

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- (4) demonstrate in fuel factor and biennial review proceedings following the in-service date of the Facility that Virginia jurisdictional customers were held harmless from the impacts associated with the Facility and show how the Company isolated all costs and revenues on its books;
- (5) provide Staff with any information regarding the Company's plans after the expiration of its initial 25-year contract with the Commonwealth as such information becomes available; and
- (6) develop a component rate for distribution operation and maintenance and property taxes to use as a reasonable proxy for costs associated with an alternate feeder circuit that the Company is providing at the Oceana Naval Air Station base in lieu of payment for the land that the Company is leasing for the Facility in future cost of service studies following the in-service date of the Facility.<sup>16</sup>

Because the Oceana Solar Facility is not proposed for – or purported by the Company to be needed for – the provision of retail electric service to Virginia jurisdictional retail customers, we find that the effective implementation of a ring-fence, to which Dominion has committed, is necessary to satisfy the requirements for approval pursuant to § 56-580 D of the Code. Consequently, as a condition of the approval granted herein, Dominion shall take all measures necessary to implement a ring-fence for the costs of constructing, owning, and operating the Project, including adherence to Staff's recommendations, which we find to be reasonable based on the record.

#### Economic Development

The Commission agrees with the Senior Hearing Examiner that the record establishes that the Oceana Solar Facility would have positive economic impacts on the Commonwealth.<sup>17</sup> There will be direct and indirect benefits related to the construction and operation of the Oceana Solar Facility, including job creation and increases in local and state tax revenues, and Dominion's ratepayers will be held harmless from bearing these costs as discussed herein.<sup>18</sup>

#### Environmental Impact

The Commission must consider environmental impact. The relevant statutes, however, do not require the Commission to find any particular level of environmental benefit, or an absence of environmental harm, as a precondition of approval. Rather, the statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."<sup>19</sup>

The DEQ Report summarizes the Project's potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibility for compliance with legal requirements governing environmental protection. The Company did not object to any of the recommendations made by DEQ in its Summary of Findings and Recommendations.<sup>20</sup> Upon consideration of this record, we find that the Company should be required to comply with the DEQ Report recommendations as set forth above. Further, the Company should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

#### Consideration of Alternative Options

Another issue presented in this case, and addressed by Dominion and Staff, is whether the following provision of § 56-585.1 A 6 of the Code applies to the Company's Application: "A utility seeking approval to construct or purchase a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process."

The instant Application proposes the construction and operation of a generation facility without any impact to Virginia jurisdictional electric rates. The Commission finds that the specific facts of this case do not implicate this statutory provision, which the Commission has previously recognized was enacted for the benefit of consumers.<sup>21</sup> The Code has long provided that, when the Commonwealth acts as a consumer of electricity, the rates and charges it pays generally fall outside of the Commission's regulatory authority.<sup>22</sup> For the Oceana Solar Facility, Dominion plans to recover its costs exclusively through a contract negotiated with the Commonwealth, which will compensate Dominion for the electricity produced by the facility rather than

<sup>16</sup> Ex. 8 (Harris Direct) at 7; Ex. 12 (Stevens Rebuttal) at 2-4; Tr. 11.

<sup>17</sup> Hearing Examiner's Report at 15-16.

<sup>18</sup> See, e.g., Ex. 3 (Corsello Direct) at 5.

<sup>19</sup> Code § 56-46.1. See also Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1, . . .").

<sup>20</sup> Ex. 9 (Samuel Direct) at 10, Attachment AFS-1 (Company Response to Staff Interrogatory No. 5-30).

<sup>21</sup> See *Application of Virginia Electric and Power Company, For approval and certification of the proposed Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2016-00048, Doc. Con. Cen. No. 170210008, Final Order at 9-10 (Feb. 1, 2017); *Application of Virginia Electric and Power Company, For approval and certification for the proposed Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia, and for approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00006, 2015 S.C.C. Ann. Rept. 270, 271-73, Final Order (Oct. 20, 2015).

<sup>22</sup> See, e.g., Code §§ 56-232.E, 56-234 B, 56-581.

through any Virginia jurisdictional retail electric rates established by the Commission. The plain language chosen by the General Assembly does not reflect a manifest intent that this provision of § 56-585.1 A 6 of the Code be extended to the specific facts of the proposal before us.<sup>23</sup>

Finally, in so ruling, the Commission notes that it has not reviewed or evaluated the terms of the Commonwealth's contract with Dominion, including the financial terms of this arrangement. The Code does not direct the Commission to conduct such an evaluation, and the specific terms of this contract are not before us.

#### Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Order shall expire two (2) years from the date hereof if construction of the Oceana Solar Facility has not commenced and that Dominion may petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

- (1) Subject to the findings and requirements set forth in this Order, the Company is granted approval and Certificate of Public Convenience and Necessity No. EG-211 to construct and operate the Oceana Solar Facility as set forth in this proceeding.
- (2) The Company shall forthwith file a map of the Oceana Solar Facility within the city of Virginia Beach, Virginia, for certification.
- (3) This case is dismissed.

<sup>23</sup> The Commission further notes that no participant to this proceeding asserted that the Commission must find otherwise in this instance. The Commission review and approval herein pertains only to the construction and operation of the Project with no resulting impacts to the Virginia jurisdiction cost of service, base rates, fuel rates, or RACs. This Order need not – and does not – address other factual scenarios not presently before the Commission, including whether the relevant provision of § 56-585.1 A 6 of the Code would apply to a new generation facility for which the costs are proposed for recovery through base rates.

### **CASE NO. PUE-2016-00089 MAY 11, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY

For approval to continue a rate adjustment clause, the EE-RAC, pursuant to § 56-585.1 A 5 c of the Code of Virginia

#### **FINAL ORDER**

On August 31, 2016, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a Petition and Request for Waiver ("Petition") pursuant to § 56-585.1 A 5 c of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>1</sup> ("Rate Case Rules"), seeking approval to continue a rate adjustment clause ("EE-RAC") that recovers the costs of five energy efficiency programs ("EE Programs") previously approved by the Commission.<sup>2</sup> APCo requests approval to continue the current EE-RAC without any changes to its annual revenue requirement of \$5,257,843, the recovery factor rate, or cost allocation and assignment.<sup>3</sup> APCo further states that it is not requesting any changes to the approved EE Programs, nor is it requesting any recovery of lost revenues related to the EE Programs.<sup>4</sup>

In connection with its Petition, APCo requested that the Commission waive certain requirements of the Rate Case Rules. First, the Company requested a waiver from the requirement to submit Filing Schedule 46 regarding, among other things, the costs of the EE Programs and revenue requirement; information about the Company's accounting procedures and internal controls; and information regarding allocation of the revenue requirement and rate design. The Company also requested a waiver from the requirement to submit Filing Schedule 45, the Return on Equity Peer Group.

On September 9, 2016, the Commission issued a Preliminary Order that granted the Company's requested waiver from submitting Filing Schedule 45 and invited comments on the Company's request for waiver from submitting Filing Schedule 46.<sup>5</sup> On September 16, 2016, the Staff of the Commission ("Staff") filed a response opposing APCo's request for waiver from filing Schedule 46. On September 21, 2016, APCo filed a letter stating that it would provide Schedule 46 on or before October 17, 2016. On October 14, 2016, APCo filed the Supplemental Direct Testimony of William K. Castle and Schedule 46, with the exception of Schedule 46B. On October 27, 2016, APCo filed the Second Supplemental Direct Testimony of William K. Castle.

<sup>1</sup> 20 VAC 5-201-10 *et seq.*

<sup>2</sup> *Petition of Appalachian Power Company, For approval to implement a portfolio of energy efficiency programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 c of the Code of Virginia*, Case No. PUE-2014-00039, 2015 S.C.C. Ann. Rept. 215, Final Order (June 24, 2015).

<sup>3</sup> Exhibit ("Ex.") 2 (Petition) at 2.

<sup>4</sup> *Id.*; Ex. 3 (Direct Testimony of William K. Castle) at 3.

<sup>5</sup> The Commission found the petition incomplete for purposes of commencing the Commission's eight-month review period provided for under Code § 56 585.1 A 7 and stated the statutory review period would commence either: (i) upon granting the requested waiver related to Filing Schedule 46; or (ii) if not granted, the filing of a completed Petition. The Petition was complete on November 10, 2016, the date of the procedural order in this proceeding when the Commission granted a requested waiver related to portions of Filing Schedule 46.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On November 10, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Petition, provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation, scheduled an evidentiary hearing, and directed the Staff to investigate the Petition. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

The Office of the Attorney General's Division of Consumer Counsel filed a notice of participation in this matter on January 19, 2017. Also on January 19, 2017, the Company filed a motion ("Motion") seeking leave to implement new tariff sheets incorporating the same EE-RAC rates that the Commission approved on June 24, 2015, in Case No. PUE-2014-00039. On January 20, 2017, the Hearing Examiner granted the Motion.

In accordance with the Procedural Order, Staff filed its testimony on March 9, 2017. The Company filed its rebuttal testimony on March 23, 2017. On April 5, 2017, the Company and Staff filed a stipulation ("Stipulation").

On April 6, 2017, the hearing convened as scheduled. No public witnesses appeared to testify. At the hearing, the Company and Staff presented the Stipulation recommending an agreed-upon resolution of the issues related to the Petition.<sup>6</sup> The Stipulation sets forth an agreed-upon EE-RAC revenue requirement of \$4,685,585 for the July 1, 2017 to June 30, 2018 rate year, which comprises an on-going component in the amount of \$5,567,014 and a true-up credit in the amount of \$881,429. Other agreements in the Stipulation include the following: (1) the Company will continue to utilize deferred accounting for the EE-RAC costs, and any over- or under-recoveries of actual costs will be included in future EE-RAC proceedings; (2) the Company will file its next EE-RAC petition no later than September 30, 2017; (3) in the 2017 petition and all subsequent EE-RAC petitions, the Company will provide a revenue requirement calculation using a similar methodology to that set out in Schedules 1 through 4 of the testimony of Staff witness Mangalam,<sup>7</sup> and such calculation shall include both a Projected Factor and a True-Up Factor; (4) in the 2017 petition and subsequent EE-RAC petitions, the Company will provide a chart with details about each approved EE Program, as recommended by Staff; (5) in the 2017 petition and subsequent EE-RAC petitions, the Company will provide details about the controls over the administration of the EE Programs, as recommended by Staff; and (6) the Company will update its billing determinants and class allocation factors in the 2017 petition. While not a signatory to the Stipulation, Consumer Counsel did not oppose the Stipulation.<sup>8</sup>

On April 12, 2017, the Report of A. Ann Berkebile, Hearing Examiner ("Report"), was issued. In her Report, the Hearing Examiner recommended that the Commission adopt the Stipulation and approve the proposed EE-RAC revenue requirement contained therein.<sup>9</sup>

No comments were filed on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition, as modified by the Stipulation, should be granted. We adopt the Hearing Examiner's findings and approve the Stipulation as filed by the Company and Staff.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition is granted, as modified by the Stipulation.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) APCo shall file a revised Schedule EE-RAC and supporting workpapers with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) The revised EE-RAC, as approved herein, shall become effective for service rendered on and after July 1, 2017.
- (5) The Company shall continue to file annual evaluation, measurement, and verification reports on May 1 of each year.
- (6) The Company shall file its next EE-RAC petition on or before September 30, 2017.
- (7) This matter is dismissed.

<sup>6</sup> Tr. 14-15; Ex. 9 (Stipulation).

<sup>7</sup> Ex. 6 (Direct Testimony of Madhu S. Mangalam) at Sch. 1-4.

<sup>8</sup> Tr. 15.

<sup>9</sup> Report at 6.

**CASE NO. PUE-2016-00090  
JULY 17, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 5 f of the Code of Virginia

**FINAL ORDER**

On November 17, 2016, Appalachian Power Company ("Appalachian" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>1</sup> of the State Corporation Commission ("Commission"), filed with the Commission its petition for approval of an Accelerated Vegetation Management Program ("AVMP") and the establishment of a rate adjustment clause ("VM-RAC") to recover the costs of the AVMP not currently in rates pursuant to Code § 56-585.1 A 5 f ("Petition").<sup>2</sup> On December 9, 2016, Appalachian filed a Motion for Protective Ruling seeking protection for confidential information in this proceeding.

Appalachian seeks approval of the AVMP and associated VM-RAC pursuant to Code § 56-585.1 A 5 f, which allows a utility to petition the Commission for approval of a rate adjustment clause for the timely and current recovery from customers of the following costs:

f. Projected and actual costs, not currently in rates, for the utility to design, implement, and operate programs approved by the Commission that accelerate the vegetation management of distribution rights-of-way. No costs shall be allocated to or recovered from customers that are served within the large general service rate classes for a Phase II Utility or that are served at subtransmission or transmission voltage, or take delivery at a substation served from subtransmission or transmission voltage, for a Phase I Utility.

The Commission shall have the authority to determine the duration or amortization period for any adjustment clause approved under this subdivision.

In its Petition, the Company seeks approval of the AVMP, which Appalachian indicates will allow it to increase the amount of vegetation management it performs so that the Company can transition the distribution circuits in its Virginia service territory to a four-year ongoing vegetation management cycle, following an implementation period of approximately six and a half years.<sup>3</sup> The Company states that the AVMP grew out of the reliability improvements that resulted from Appalachian's Virginia vegetation management pilot program, which ran from 2013 through 2015 and covered 30 circuits.<sup>4</sup>

The Company proposes to implement the AVMP in stages to reduce the rate impact on customers. Appalachian states that it plans to spend approximately \$22.4 million in the first year, consisting of incremental operations and maintenance ("O&M") expense and capital, producing a Virginia retail revenue requirement of \$13.8 million in the first year.<sup>5</sup> The Company proposes to increase AVMP expenditures in the second year to approximately \$44.8 million.<sup>6</sup> To calculate the return on associated rate base, Appalachian indicates that it used the 9.4% return on common equity approved by the Commission in Case No. PUE-2016-00038,<sup>7</sup> and its capital structure as of June 30, 2016.<sup>8</sup>

On December 21, 2016, the Commission issued an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Petition; established a procedural schedule; provided interested persons the opportunity to comment on the Petition or participate in the proceeding; and scheduled a public hearing on the Petition. The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation in this proceeding. Consumer Counsel filed testimony on March 21, 2017, and the Commission's Staff ("Staff") filed testimony on April 4, 2017, and April 28, 2017. Appalachian filed rebuttal testimony on April 20, 2017.

The Commission convened the hearing in this matter on May 9, 2017. Appalachian, Consumer Counsel, and Staff participated in the hearing. At the hearing, the Commission received testimony from witnesses on behalf of the participants. No public witnesses provided testimony at the hearing. On June 7, 2017, Appalachian, Consumer Counsel, and Staff filed post-hearing briefs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition shall be denied. The proposed AVMP would significantly increase costs to the Company's customers; the estimated incremental cost for this new program is approximately \$285 million

<sup>1</sup> 20 VAC 5-201-10 *et seq.*

<sup>2</sup> Supporting testimony and other documents also were filed with the Petition.

<sup>3</sup> Ex. 2 (Petition) at 2.

<sup>4</sup> *Id.* at 2-3. See *Application of Appalachian Power Company, For approval of a cycle-based vegetation management pilot program*, Case No. PUE-2012-00069, 2013 S.C.C. Ann. Rept. 275, Order on Application (Feb. 21, 2013).

<sup>5</sup> Ex. 2 (Petition) at 3-4. The Company later revised the year one revenue requirement to \$12,998,086 in rebuttal testimony. Ex. 23 (Spaeth Rebuttal) at Schedule 1, Page 1 of 2.

<sup>6</sup> Ex. 2 (Petition) at 4.

<sup>7</sup> *Id.* See *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, Final Order (Oct. 6, 2016).

<sup>8</sup> The Company updated its proposed capital structure to its December 31, 2016 capital structure in rebuttal testimony. Ex. 23 (Spaeth Rebuttal) at 3.

for the first seven years.<sup>9</sup> The Commission agrees with the position – taken by Consumer Counsel in this proceeding – that Appalachian has not met its burden to establish "that the increased costs associated with the AVMP are reasonable and prudent."<sup>10</sup>

As explained by Consumer Counsel, the AVMP represents an increase of 132 percent over the Company's historical spending for vegetation management.<sup>11</sup> For this 132 percent cost increase, however, tree-related outage time is projected to decrease by only 16 percent.<sup>12</sup> Consumer Counsel asserts that the benefit of the AVMP to the average customer will be "immaterial," and that the potentially avoided outage time resulting from this system-wide program only "constitutes less than 0.008 percent of the 525,600 total minutes in a year."<sup>13</sup> To achieve this claimed benefit, beginning the first full year of implementation the AVMP "will increase every residential customer's bill by at least \$40 per year."<sup>14</sup> We agree with Consumer Counsel that Appalachian has not shown that the expected benefits from the proposed system-wide AVMP – which would more than double current vegetation management cost – justify the high level of incremental costs that would be charged to customers.<sup>15</sup> Accordingly, the Commission finds that the proposed AVMP, and the rates that would be charged thereunder, are not reasonable and prudent.

Finally, the Commission emphasizes that its finding on the instant Petition does not foreclose subsequent approval of a more targeted program under Code § 56-585.1 A 5 f that accelerates the vegetation management of distribution rights-of-way. As a *system-wide* program, the proposed AVMP addresses all of the Company's distribution circuits from end-to-end, instead of focusing on the *worst performing* circuits. In this regard, Consumer Counsel notes that "a broad, non-targeted, cycle-based vegetation management program, that will increase rates for every customer, is not necessary to address these worst-of-the-worst circuits,"<sup>16</sup> and that "a more targeted program to address worst performing circuits ... would be less costly for *all* customers."<sup>17</sup> We agree. The Company has the obligation to maintain reliable service. Cost-effective vegetation management is needed to ensure such service to Appalachian's customers, many of whom live and/or work among various forested terrain. The Commission's decision herein does not preclude the Company from subsequently proposing a more targeted accelerated program that will provide reliability benefits commensurate with the costs attendant thereto.

Accordingly, IT IS ORDERED THAT Appalachian's Petition is denied, and this matter is dismissed.

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<sup>9</sup> This amount comprises both O&M expense (approximately \$175 million) and capital investment (approximately \$110 million). See Ex. 2 (Petition) at Sched. 46A, page 1; Ex. 7 (Norwood) at 9. There also would be additional costs after year seven. The total nominal lifetime revenue requirement solely for the cumulative capital investment (*i.e.*, excluding annual O&M expense) incurred in years one through seven is approximately \$272 million. Ex. 14 (Lifetime Revenue Requirement of AVMP Cumulative Capital Investment for Years 1-7).

<sup>10</sup> Consumer Counsel's Post-Hearing Brief at 6.

<sup>11</sup> *Id.* at 2, 12.

<sup>12</sup> *Id.* at 11.

<sup>13</sup> *Id.* at 11-12.

<sup>14</sup> *Id.* at 14.

<sup>15</sup> *Id.* at 12, 30.

<sup>16</sup> *Id.* at 24.

<sup>17</sup> *Id.* at 22.

**CASE NO. PUE-2016-00094  
MARCH 15, 2017**

PETITION OF  
DIRECT ENERGY SERVICES, LLC

For a declaratory judgment

**FINAL ORDER**

On August 26, 2016, Direct Energy Services, LLC ("Direct Energy") filed with the State Corporation Commission ("Commission") a petition for a declaratory judgment ("Petition") pursuant to Rule 100 C, *Declaratory judgments*, of the Commission's Rules of Practice and Procedure.<sup>1</sup> In its Petition, Direct Energy requests that the Commission resolve certain issues related to the Virginia Electric Utility Regulation Act ("Regulation Act")<sup>2</sup> before Direct Energy expends considerable resources as a competitive service provider ("CSP") to develop and refine business plans, market to potential customers, enter into contractual relationships with suppliers and customers, and take other significant and costly steps necessary to provide 100% renewable energy to residential, and possibly commercial and industrial, customers located in the service territory of Virginia Electric and Power Company ("Dominion").<sup>3</sup>

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> Code § 56-576 *et seq.*

<sup>3</sup> Petition at 3. Direct Energy is currently licensed as a CSP. *Application of Direct Energy Services, LLC, For a license to conduct business as an electricity competitive service provider*, Case No. PUE-2016-00088, Doc. Con. Cen. No. 161010102, Order Granting License (Oct. 6, 2016).

On September 20, 2016, the Commission issued an Order for Comment in this proceeding that, among other things, docketed this proceeding; determined that Dominion and Appalachian Power Company ("APCo")<sup>4</sup> are necessary parties to this proceeding; directed Dominion and APCo to respond to the Petition; and provided an opportunity for Direct Energy to reply to the responses filed by Dominion and APCo. On October 11, 2016, Dominion and APCo filed responses to the Petition. Also on October 11, 2016, the Chesapeake Climate Action Network and Appalachian Voices (collectively, "Environmental Respondents") filed a Motion to Participate as Respondents and Extend Deadline to File Responsive Pleading ("Environmental Respondents' Motion"). After Dominion and APCo were given an opportunity to respond to the Environmental Respondents' Motion, on December 1, 2016, the Commission issued an Order Granting Motion wherein it found that Environmental Respondents may file comments limited to the three issues raised by the Petition and established dates for the Environmental Respondents, Dominion, APCo, and Direct Energy to make additional filings in this matter.

On December 16, 2016, the Environmental Respondents filed a response to the Petition and on January 12, 2017, Dominion and APCo filed additional responsive pleadings. On January 26, 2017, Direct Energy filed a reply to the responses of Dominion, APCo, and the Environmental Respondents.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Direct Energy seeks a declaratory judgment that it is authorized by § 56-577 A 5 of the Code to: (i) continue to provide a 100% renewable energy product to existing and future incumbent electric utility customers once the utility has in place an approved tariff to provide 100% renewable energy in its service territory; (ii) provide a 100% renewable energy product to commercial and industrial customers whose demand for the previous calendar year exceeded five megawatts ("MW"); and (iii) indicate to commercial and industrial customers that they are not subject to the five-year minimum stay provision because they are purchasing a 100% renewable energy product from Direct Energy.<sup>5</sup>

*Whether a CSP may continue to provide a 100% renewable energy product to existing and future incumbent electric utility customers once the incumbent electric utility has in place an approved tariff to provide 100% renewable energy in its service territory.*

Direct Energy requests the Commission interpret Code § 56-577 A 5 ("Section A 5"), which provides:

After the expiration or termination of capped rates, individual retail customers of electric energy, regardless of customer class shall be permitted:

- a. To purchase electric energy provided 100% from renewable energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100% from renewable energy; and
- b. To continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100% from renewable energy, for the duration of such agreement.

Direct Energy asserts that it "will not be providing service pursuant to specific and individual 'agreements' with [] customers beyond that which is required by 20 VAC 5-312-80 C ["Rule 80 C"]; it will instead be offering service generally to all customers in a particular class (residential, commercial, or industrial) pursuant to standardized rates and terms and conditions associated with providing this [100% renewable] product."<sup>6</sup> Direct Energy argues that after approval of a 100% renewable tariff for the incumbent electric utility, the existing customers to which Direct Energy may continue to market its services "is most reasonably construed to mean [the utility's] overall customer base."<sup>7</sup> Based on this interpretation, Direct Energy asserts it "should be able to serve new customers even after [the utility] offers an approved 100% renewable energy tariff."<sup>8</sup>

In construing a statute, the Supreme Court of Virginia has explained that:

our primary objective is to ascertain and give effect to legislative intent, as expressed by the language used in the statute. When the language of a statute is unambiguous, we are bound by the plain meaning of that language. And if the language of the statute is subject to more than one interpretation, we must apply the interpretation that will carry out the legislative intent behind the statute.

<sup>4</sup> Direct Energy is licensed to compete for customers in APCo's service territory as well as in Dominion's service territory.

<sup>5</sup> Petition at 8. The Commission herein addresses the specific issues presented in the Petition, which do not invoke broader questions involving rights and responsibilities attendant to an "exclusive" service territory as referenced in the applicable statutes.

<sup>6</sup> *Id.* at 4.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

In evaluating a statute, moreover, we have said that consideration of the entire statute ... to place its terms in context to ascertain their plain meaning does not offend the rule because it is our duty to interpret the several parts of a statute as a consistent and harmonious whole so as to effectuate the legislative goal. Thus, a statute is not to be construed by singling out a particular phrase.<sup>9</sup>

"The plain, obvious and rational meaning of a statute is always to be preferred to any curious, narrow or strained construction."<sup>10</sup> Under Code § 56-577 A 5 a ("Section A 5 a"), individual retail customers are permitted to purchase energy provided 100% from renewable energy from any licensed CSP if the incumbent utility does not offer a 100% renewable tariff. Thus, if the incumbent utility offers a 100% renewable tariff, retail customers are not permitted to purchase energy from a CSP under Section A 5 a.<sup>11</sup> Code § 56-577 A 5 b ("Section A 5 b") permits a customer to continue purchasing renewable energy from a CSP under limited circumstances once the incumbent utility begins offering a 100% renewable tariff. Specifically, "individual retail customers" are permitted to "continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date" that the incumbent utility begins offering a 100% renewable tariff "for the duration of such agreement." Thus, a customer's ability to continue purchasing renewable energy from a CSP is conditioned on having a power purchase agreement in effect when the incumbent begins offering a 100% renewable tariff. In order for Direct Energy's argument to prevail, the term "power purchase agreement" found in Section A 5 b must include "offering service generally to all customers in a particular class . . . pursuant to standardized rates and terms and conditions associated with providing this product."<sup>12</sup> The Commission finds that it does not.

"Power purchase agreement" is not a defined term under the Regulation Act. When a term in a statute is not defined, the general rule of statutory construction is to infer legislative intent from the plain meaning of the language used.<sup>13</sup> In the absence of a statutory definition, words in statutes are to be given their ordinary meaning within the statutory context.<sup>14</sup> Based on the ordinary meaning of "agreement," the Commission finds that a CSP's general offering available to the utility's customers, without acceptance by an individual customer, would not constitute "a power purchase agreement" pursuant to which individual retail customers would be permitted to continue purchasing renewable energy under Code § 56-577 A 5 b.<sup>15</sup> This is consistent with Section A 5, which specifically refers to the rights of "individual retail customers" "to continue *purchasing renewable energy*. . . ." An offer alone – without the agreement of the customer – would not result in the purchase of renewable power by an individual retail customer.

Direct Energy's interpretation of "agreement" would permit a CSP to serve – and to market to – all of the utility's customers, including new customers who are not currently taking service from the CSP.<sup>16</sup> However, the plain language of Section A 5 b addresses only the *continuation* of service for "individual retail customers," which presumes an existing relationship between the retail customer and the CSP, something that would be absent for a new customer. Permitting new customers to purchase from a CSP when the incumbent utility has a 100% renewable tariff is also contrary to Section A 5 a, which allows customers to purchase from a CSP *if* the incumbent utility *does not* have a 100% renewable tariff. Had the General Assembly intended to allow a CSP to be able to continue to market and serve an incumbent utility's entire customer base after the utility begins offering a 100% renewable tariff, it could have done so, but it did not. "[W]hen the language of a statute is unambiguous, courts are bound by the plain meaning of that language and may not assign a construction that amounts to holding that the General Assembly did not mean what it actually has stated."<sup>17</sup>

The Environmental Respondents also make the argument that the retail customer is not required to be a party to the "power purchase agreement" referenced in Section A 5 b in order to continue purchasing renewable energy from a CSP:

[n]othing in the Code prohibits Direct Energy from entering into a PPA with a third party where that PPA, by its terms, allows Direct Energy to then offer renewable power to Virginia retail customers. As such, as long as Direct Energy offers 100 percent renewable power to customers "pursuant to the terms" of a pre-existing PPA, Direct Energy may offer that 100 percent renewable power to all retail customers, new and old.<sup>18</sup>

<sup>9</sup> *Cuccinelli v. Rector & Visitors of the Univ. of Va.*, 283 Va. 420, 425-26, 722 S.E.2d 626, 629-30 (2012) (internal quotation marks and citations omitted).

<sup>10</sup> *Virginia-American Water Co. v. Prince William County Service Authority*, 246 Va. 509, 518, 436 S.E.2d 618, 623 (1993) (quoting *Vollin v. Arlington County Electoral Bd.*, 216 Va. 674, 678-79, 222 S.E.2d 793, 797 (1976)).

<sup>11</sup> As discussed further below, retail access may still be available under Code § 56-577 A 3 and A 4, subject to the conditions applicable thereunder.

<sup>12</sup> Petition at 4.

<sup>13</sup> See, e.g., *Petition of Elizabeth River Crossings OpCo, LLC v. City of Portsmouth, Virginia*, Case No. PUE-2013-00071, 2013 S.C.C. Ann. Rept. 425, 427, Order Dismissing Petition (Sept. 10, 2013); *Hubbard v. Henrico Ltd. Partnership*, 255 Va. 335, 340, 497 S.E.2d 335, 338 (1998); *City of Virginia Beach v. Flippen*, 251 Va. 358, 362, 467 S.E.2d 471, 473-474 (1996); *Marsh v. City of Richmond*, 234 Va. 4, 11, 360 S.E.2d 163, 167 (1987).

<sup>14</sup> See, e.g., *Grant v. Commonwealth*, 223 Va. 680, 292 S.E.2d 348 (1982).

<sup>15</sup> Merriam-Webster's On-line Dictionary defines "agreement" as a "contract duly executed and legally binding."

<sup>16</sup> Petition at 4.

<sup>17</sup> *Williams v. Commonwealth*, 265 Va. 268, 271, 576 S.E.2d 468, 470 (2003).

<sup>18</sup> Environmental Respondents' Response at 7.



In its Reply, Direct Energy similarly asserts that "the term power purchase agreement [in Section A 5 b] . . . encompass[es] a CSP's agreement with a generator that is used to serve the CSP's retail customers purchasing via a tariff arrangement."<sup>19</sup> These arguments fail, however, because if the customer is not a party to the power purchase agreement, the retail customer would not be purchasing power *pursuant* to the power purchase agreement – as required by the statute to *continue* purchasing said power. Rather, under this scenario, *the CSP* would be purchasing renewable power *pursuant* to the power purchase agreement, presumably from a wholesale provider. These arguments result in a reading that is unnecessarily strained and contrary to a plain reading of the statute.<sup>20</sup>

In its Reply, Direct Energy also notes the differing use of the term "power purchase agreement" in Section A 5 b and "customer service contract" in the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"),<sup>21</sup> and asserts the terms should not be construed to have the same meaning.<sup>22</sup> This argument, however, does not reach the result sought by Direct Energy. That is, we need not construe such terms to have the same meaning in order to conclude that, under the plain language of the statute, a "power purchase agreement" refers to an agreement between a CSP and an individual retail customer. Further, under the Retail Access Rules, the term "customer service contract" is broader in application and relates to more than just retail supply agreements under Section A 5 b.<sup>23</sup> Finally in this regard, the Commission notes that the requirements for a "customer service contract" under Rule 80 C include, among other things: price; the length of the contract; minimum and maximum usage requirements; any fixed charges; and confirmation of the customer's request for enrollment. Accordingly, a contract in compliance with Rule 80 C could in fact qualify as a "power purchase agreement" for purposes of Section A 5 b.

The Commission concludes that the plain meaning of "power purchase agreement" for purposes of Section A 5 b refers to an agreement between a CSP and an individual retail customer pursuant to which the customer purchases 100% renewable power. This is consistent with the plain meaning of "power purchase agreement" and with the overall context of the statute. The intent of the statute, gleaned from its plain language, is to allow a customer who has a pre-existing power purchase agreement with a CSP for 100% renewable power to continue purchasing under that agreement for the duration of the agreement, in the event the incumbent utility begins offering a 100% renewable tariff while the agreement is effective. Given the plain and unambiguous language of the statute, the Commission does not reach Direct Energy's policy arguments.<sup>24</sup>

*Whether a CSP is permitted to provide a 100% renewable energy product to commercial and industrial customers whose demand for the previous calendar year exceeded five MW.*

Direct Energy requests the Commission find that a CSP is authorized by Section A 5 to provide a 100% renewable product to commercial and industrial customers whose demand for the previous calendar year exceeded five MW.<sup>25</sup> Direct Energy asserts that it "must be assured that an approved [incumbent electric utility] 100% renewable energy tariff will not preclude Direct Energy from offering to serve its then-existing commercial and industrial customers whose demand exceeds five MW [], as well as future similarly situated customers who wish to take such service from Direct Energy."<sup>26</sup>

Under Code § 56-577, there are three types of retail access available to retail customers, each subject to its own qualifications and limitations. Code § 56-577 A 3 ("Section A 3") allows certain large customers with demand exceeding five MW to purchase electric supply from CSPs, subject to certain limitations; Code § 56-577 A 4 ("Section A 4") allows aggregation of load by certain non-residential customers to meet the five MW demand limitation in Section A 3, subject to Commission approval; and Section A 5, discussed above, permits individual retail customers, regardless of customer class, to "purchase electric energy provided 100% from renewable energy" from a CSP "if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100% from renewable energy."

<sup>19</sup> Direct Energy's Reply at 16.

<sup>20</sup> Code § 56-577 A specifically states that "[r]etail competition for the purchase and sale of electric energy shall be subject to the following provisions," and includes no manifest intent by the General Assembly to incorporate provisions into Section A 5 b related to a CSP's relationship with a wholesale supplier. In addition, "power purchase agreement" is described in Section A 5 b as "in effect on the date there is filed . . . a tariff for the incumbent electric utility that serves the exclusive service territory in which *the customer* is located . . ." This is consistent with the referenced power purchase agreement being between a CSP and "the customer" rather than between the CSP and a wholesale supplier.

<sup>21</sup> 20 VAC 5-312-10 *et seq.*

<sup>22</sup> Direct Energy's Reply at 14.

<sup>23</sup> *See, e.g.*, 20 VAC 5-312-10 A.

<sup>24</sup> *See, e.g., Newberry Station Homeowners Ass'n v. Bd. of Supervisors*, 285 Va. 604, 614, 740 S.E.2d 548, 553 (2013) ("[W]hen the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (internal quotes and citation omitted); *Smith v. Commonwealth*, 282 Va. 449, 454, 718 S.E.2d 452, 455 (2011) ("When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction.") (citing *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 99-100, 546 S.E.2d 696, 702 (2001)); *Kummer v. Donak*, 282 Va. 301, 306, 715 S.E.2d 7, 10 (2011) ("Because there is no ambiguity in the applicable statutes, the Kummer children's public policy argument must fail."); *Brown v. Lukhard*, 229 Va. 316, 321, 330 S.E.2d 84, 87 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it.") (citation omitted).

<sup>25</sup> Petition at 8.

<sup>26</sup> *Id.* at 6.

In the previous section, the Commission addressed the requirements pursuant to Section A 5 for a CSP to continue to provide service once an incumbent electric utility has a 100% renewable tariff. Section A 5 contains no size limitations that allows any customer, including residential customers, to purchase 100% renewable energy from a CSP if the incumbent utility does not have an approved tariff for 100% renewable energy. Section A 3 permits retail access for certain large customers regardless of the type of electricity being sold, subject to certain limitations. Section A 4 permits aggregation of non-residential customer load for purposes of meeting the Section A 3 size limits, subject to Commission approval and, like Section A 3, permits retail access regardless of the type of electricity being sold. Should a CSP, such as Direct Energy, desire to provide retail supply to customers pursuant to Sections A 3 or A 4, those customers receiving service would have to qualify under Sections A 3 and A 4 and would be subject to the requirements of those sections.

*Whether a CSP is authorized by Section A 5 to indicate to commercial and industrial customers that they are not subject to the five year minimum stay provision because they are purchasing a 100% renewable energy product from the CSP.*

Direct Energy requests that the Commission determine that individual or aggregated customers with a demand of five MW or greater receiving 100% renewable energy from a CSP be exempt from the five-year minimum stay requirement. Such a determination depends on the section of Code § 56-577 under which the retail access is permitted. Under Section A 5, customers are permitted to purchase 100% renewable energy from a CSP if the incumbent utility does not offer a tariff for 100% renewable energy. Section A 5 is available to "individual retail customers of electric energy within the Commonwealth, regardless of customer class" and contains no size or minimum stay requirements.<sup>27</sup> Accordingly, commercial and industrial customers are not subject to a minimum stay provision if they are purchasing a 100% renewable energy product from a CSP under Section A 5.

Sections A 3 and A 4 permit retail access for certain large customers regardless of the type of electricity being sold, subject to certain size and other limitations. In the event the incumbent electric utility offers a 100% renewable tariff, and Section A 5 no longer permits a customer to purchase 100% renewable energy from a CSP under Section A 5, this does not impact the availability of retail access under Sections A 3 and A 4. However, retail access under Sections A 3 and A 4 is subject to the requirements of those sections, including, among other things, size limitations and the requirement that "[i]f such customer does purchase electric energy from licensed suppliers after the expiration or termination of capped rates, it shall not thereafter be entitled to purchase electric energy from the incumbent electric utility without giving five years' advance written notice . . . ."

Accordingly, IT IS SO ORDERED and this matter is dismissed.

<sup>27</sup> While Section A 3 is "subject to the provisions of subdivisions 4 and 5," no comparable language makes the conditions of Section A 3 applicable to retail access under Section A 5. In addition, unlike Section A 4, which specifically states that retail access under that section is subject to "the conditions specified in [Section A 3]," Section A 5 contains no comparable language.

**CASE NO. PUE-2016-00094  
APRIL 5, 2017**

PETITION OF  
DIRECT ENERGY SERVICES, LLC

For a declaratory judgment

**ORDER GRANTING RECONSIDERATION**

On March 15, 2017, the State Corporation Commission ("Commission") issued a Final Order ("Order") in this docket. On April 4, 2017, Virginia Electric and Power Company filed a Petition for Limited Reconsideration ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally.

**CASE NO. PUE-2016-00094  
APRIL 26, 2017**

PETITION OF  
DIRECT ENERGY SERVICES, LLC

For a declaratory judgment

**ORDER ON RECONSIDERATION**

On March 15, 2017, the State Corporation Commission ("Commission") issued a Final Order in this docket addressing certain issues related to the provision of service by competitive service providers ("CSPs") pursuant to Code § 56-577. On April 4, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed a Petition for Limited Reconsideration ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.<sup>1</sup> On April 5, 2017, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and continued the Commission's jurisdiction over this matter.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition should be granted to the extent described herein and otherwise denied.

The Commission finds that the statute is not ambiguous and, thus, will not resort to rules of statutory construction as requested by Dominion.<sup>2</sup> The Commission is also aware that "when one statute speaks to a subject generally and another deals with an element of that subject specifically, the statutes will be harmonized, if possible, and if they conflict, the more specific statute prevails."<sup>3</sup> In this instance, however, the Commission finds that Code §§ 56-577 A 3 ("Section A 3") and 56-577 A 5 ("Section A 5"), as well as Code § 56-577 A 4 ("Section A 4"), are not in conflict.

Section A 3 only applies to large users of electricity, and it allows these users to purchase electric energy from a CSP regardless of how that electric energy is generated. Section A 5 applies to all retail customers "regardless of customer class," and it allows these customers to purchase from a CSP if the electric energy is provided 100% from renewable energy. Unlike Section A 3, Section A 5 does not require five years' advance notice in order for a retail customer to purchase from its incumbent electric utility after such customer has chosen to purchase 100% renewable energy from a CSP. This does not represent a conflict; this simply reflects different requirements imposed by the General Assembly for different competitive purchase options explicitly permitted by statute.<sup>4</sup>

Dominion suggests, however, that implementing the plain language of Section A 5 will create adverse consequences and, thus, represents bad policy. Such arguments are not part of the Commission's analysis.<sup>5</sup> In enacting Section A 5, the General Assembly has given special status to electric energy provided 100% from renewable energy. The General Assembly could have, but did not, make the prior notice requirements of Section A 3 – either explicitly or by cross-reference – applicable to large users purchasing under Section A 5.<sup>6</sup> The Commission will not "add language to the statute the General Assembly has not seen fit to include."<sup>7</sup>

Finally, Dominion states that the record in this case at times references the terms "minimum stay" and "advance notice" interchangeably and, thus, requests clarification as to the Commission's 12-month minimum stay requirements in 20 VAC 5-312-80(Q) ("Rule 80(Q)"). In this regard, the Commission hereby clarifies that the Final Order does not alter the minimum stay provisions in Rule 80(Q).

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> *See, e.g., Smith v. Commonwealth*, 282 Va. 449, 454, 718 S.E.2d 452, 455 (2011) ("We presume that the General Assembly, in framing a statute, chose its words with care. *Halifax Corp. v. First Union Nat'l Bank*, 262 Va. 91, 100, 546 S.E.2d 696, 702 (2001). When statutory terms are plain and unambiguous, we apply them according to their plain meaning without resorting to rules of statutory construction. *Id.* at 99-100, 546 S.E.2d at 702.").

<sup>3</sup> *Covel v. Town of Vienna*, 280 Va. 151, 162, 694 S.E.2d 609, 616 (2010).

<sup>4</sup> Moreover, even if the Commission were to find an ambiguity as urged by Dominion, contrary to the Company's assertion that Sections A 3 and A 5 "govern the same thing" and "the *type of customer* differentiates whether Sections A 3, A 4 or A 5 apply" (Petition at 6-7 (emphasis in original)), Sections A 3, A 4 and A 5 each provide an independent basis for retail access and stand on their own requirements, with Sections A 3 and A 4 focused on the size qualifications of the customer or aggregated customers and Section A 5 focused on the type of energy – 100% renewable – being purchased.

<sup>5</sup> As explained by the Supreme Court of Virginia, "we are not evaluating – and indeed cannot speak to – the merits of the various policy decisions..." *Elizabeth River Crossings OpCo, LLC v. Meeks*, 286 Va. 286, 309, 749 S.E.2d 176, 187 (2013). Rather, "any judgment as to the wisdom and propriety of a statute is within the legislative prerogative." *Montgomery Cty. v. Va. Dep't of Rail & Pub. Transp.*, 282 Va. 422, 435, 719 S.E.2d 294, 300 (2011) (internal quotes and citation omitted).

<sup>6</sup> Indeed, as noted in the Final Order, the General Assembly did just that when providing the option to purchase from a CSP in Section A 4. That is, the General Assembly explicitly made the provisions of Section A 4 subject to "the conditions specified in [Section A 3]." There is no comparable language in Section A 5. Final Order at 11 n.27.

<sup>7</sup> *Jackson v. Fid. & Deposit Co.*, 269 Va. 303, 313, 608 S.E.2d 901, 906 (2005) (citation omitted).

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration of the March 15, 2017 Final Order is granted to the extent set forth herein, and the above-referenced Petition is otherwise denied.
- (2) The suspension of the March 15, 2017 Final Order is hereby lifted, and the March 15, 2017 Final Order is hereby reinstated.
- (3) This matter is dismissed.

**CASE NO. PUE-2016-00096  
JANUARY 10, 2017**

VIRGINIA CITIZENS CONSUMER COUNCIL,  
Petitioner,  
v.  
VIRGINIA ELECTRIC AND POWER COMPANY,  
Defendant

For a declaratory judgment and an order requiring a filing pursuant to §§ 56-234.3 and 56-580 D of the Code of Virginia

**FINAL ORDER**

On August 30, 2016, the Virginia Citizens Consumer Council ("VCCC"), by counsel, filed with the State Corporation Commission ("Commission") a Petition for Declaratory Judgment ("Petition").<sup>1</sup> In its Petition, VCCC requests that the Commission enter an order that:

- (1) declares that [Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company")] is required to receive approval pursuant to Va. Code §§ 56-234.3 and 56-580 D prior to further developing or making further expenditures related to the North Anna 3 [nuclear generation] project; (2) directs Dominion to make a filing pursuant to §§ 56-234.3 and 56-580 D seeking approval to continue North Anna 3 development and construction activities; and (3) grants any additional relief that the Commission may deem appropriate.<sup>2</sup>

VCCC states that it filed its Petition pursuant to Rules 100 B and C of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-100 B and C.<sup>3</sup> VCCC asserts, among other things, that an actual controversy exists and that it has no other adequate remedy other than a declaration from the Commission as requested in VCCC's Petition.<sup>4</sup>

On September 15, 2016, Dominion filed a Motion to Dismiss VCCC's Petition. Dominion asserts, among other things, that no actual controversy exists and the Petition fails to meet threshold jurisdictional requirements for seeking a declaratory judgment.<sup>5</sup>

On September 16, 2016, the Commission issued an Order that scheduled VCCC's response to the Motion to Dismiss and Dominion's reply thereto and that suspended Dominion's answer to the Petition pending resolution of the Motion to Dismiss. In accordance therewith, VCCC filed its response to the Motion to Dismiss on October 5, 2016, and Dominion filed its reply on October 20, 2016.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

VCCC requests that the Commission take action pursuant to authority granted under two statutes: Code §§ 56-234.3 and 56-580 D. Specifically, VCCC asks the Commission to find that Dominion is statutorily required to receive approval pursuant to Code §§ 56-234.3 and 56-580 D prior to further developing or making further expenditures related to North Anna 3. VCCC likewise asks the Commission to issue an order that directs the Company to make a filing pursuant to Code §§ 56-234.3 and 56-580 D seeking approval to continue North Anna 3 development and construction activities.

Dominion states that it has not yet determined whether to proceed with the construction of North Anna 3.<sup>6</sup> VCCC asserts that although Dominion has yet to decide whether to construct the North Anna 3 generating facility, the Company has nonetheless commenced activities that constitute actual construction.<sup>7</sup> In reply, Dominion argues that its actions to date – including the site separation work for North Anna 3 – represent "pre-construction development activities," not actual construction of a generating facility.<sup>8</sup> Dominion also confirms that its efforts to obtain from the Nuclear Regulatory

<sup>1</sup> VCCC attached a Declaration to its Petition.

<sup>2</sup> Petition at 17.

<sup>3</sup> *Id.* at 1.

<sup>4</sup> *Id.* at 8.

<sup>5</sup> Dominion's Motion to Dismiss at 2.

<sup>6</sup> *See, e.g.*, Dominion's Reply at 5-7.

<sup>7</sup> *See, e.g.*, Petition at 13-14 (footnotes and emphasis omitted).

<sup>8</sup> *See, e.g.*, Dominion's Reply at 9-13.

Commission ("NRC") a Combined Operating License ("COL") – a federal authorization necessary for the construction and operation of North Anna 3 – remain ongoing.<sup>9</sup>

The General Assembly has already mandated certain recovery of North Anna 3 costs incurred between July 1, 2007, and December 31, 2013:

Thirty percent of all costs of such a facility utilizing *nuclear power* that the utility incurred between July 1, 2007, and December 31, 2013, and all of such costs incurred after December 31, 2013, may be deferred by the utility and recovered through a rate adjustment clause under this subdivision at such time as the Commission provides in an order approving such a rate adjustment clause. The remaining 70 percent of all costs of such a facility that the utility incurred between July 1, 2007, and December 31, 2013, shall not be deferred for recovery through a rate adjustment clause under this subdivision; *however, such remaining 70 percent of all costs shall be recovered ratably through existing base rates as determined by the Commission in the test periods under review in the utility's next biennial review filed after July 1, 2014.*<sup>10</sup>

This statute does not require Commission approval of North Anna 3 prior to Dominion's recovery of such costs. Indeed, VCCC explains that approximately \$310 million of North Anna 3 development costs (including site separation costs) have been charged to customers under this statute as part of the Company's 2015 biennial review.<sup>11</sup>

As to costs not mandated for recovery by statute, the Commission has repeatedly noted that "Dominion is incurring its North Anna 3 costs purely at its stockholders' risk and should have no expectation of future recovery from customers without an approved [certificate of public convenience and necessity ('CPCN')] and/or [rate adjustment clause ('RAC')]."<sup>12</sup> Dominion likewise "has acknowledged that actual expenditures incurred toward any specific resource option that has not been approved by this Commission in an applicable formal proceeding are incurred solely at shareholders' risk."<sup>13</sup>

Dominion also explains that it addressed North Anna 3 expenditures in recent integrated resource plan ("IRP") proceedings. In its 2015 IRP, the Company testified that it would decide whether to proceed with construction of North Anna 3 after receiving a COL from the NRC.<sup>14</sup> In its 2016 IRP, the Company testified that it will spend approximately \$25 million in 2017 in order to get the COL, at which point such spending will materially stop until Dominion decides whether to seek construction approval from the Commission.<sup>15</sup>

<sup>9</sup> See, e.g., *id.* at 5-7. Dominion also asserts that, after passage of the Virginia Electric Utility Restructuring Act (1999 Acts ch. 411) ("Restructuring Act"), the Commission ruled that Code § 56-580 D had supplanted Code § 56-234.3 for purposes of electric generating facilities. Dominion Reply at 13-14. See, e.g., *Application of Tenaska Virginia Partners, L.P., For approval of a certificate of public convenience and necessity pursuant to Virginia Code § 56-265.2, an exemption from Chapter 10 of Title 56, and interim approval to make financial commitments and undertake preliminary construction work*, Case No. PUE-2001-00039, 2002 S.C.C. Ann. Rept. 389, 390, Final Order (Apr. 19, 2002) ("We take this opportunity, however, to affirm that § 56-580 D supplants §§ 56-234.3 and 56-265.2 of the Code in the Commission's approval process for electric generating facilities on and after January 1, 2002.") (citing *Ex Parte: In the matter of amending filing requirements for applications to construct and operate electric generating facilities*, Case Nos. PUE-2001-00313 and PUE-2001-00665, 2001 S.C.C. Ann. Rept. 585, 586, Order Adopting Rules and Prescribing Additional Notice (Dec. 14, 2001); *Ex Parte: In the matter of amending filing requirements for applications to construct and operate electric generating facilities*, Case No. PUE-2001-00313, Doc. Con. Cen. No. 010810174, Order at 5 (Aug. 3, 2001)). VCCC, however, correctly notes that the Commission subsequently recognized the renewed applicability of Code § 56-234.3 after the Restructuring Act was replaced by the Virginia Electric Utility Regulation Act (2007 Acts chs. 888, 933). Petition at 10. See *Application of Virginia Electric and Power Company, For a certificate of public convenience and necessity to construct and operate an electric generation facility in Wise County, Virginia, and for approval of a rate adjustment clause under §§ 56-585.1, 56-580 D, and 56-46.1 of the Code of Virginia*, Case No. PUE-2007-00066, 2008 S.C.C. Ann. Rept. 385, 389, n.19, Final Order (Mar. 31, 2008) ("We further note that the Commission has additional authority over public utilities under various other provisions of Chapter 10 of Title 56. For example, § 56-234.3 of the Code contains specific provisions related to construction projects such as the one approved herein, including the requirement that 'the Commission shall investigate and monitor the major construction projects of any public utility to assure that such projects are being conducted in an economical, expeditious, and efficient manner.'")

<sup>10</sup> Code § 56-585.1 A 6 (emphasis added).

<sup>11</sup> See, e.g., Petition at 2, 15; *Application of Virginia Electric and Power Company, For a 2015 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2015-00027, 2015 S.C.C. Ann. Rept. 299, 301, Final Order (Nov. 23, 2015) ("2015 Biennial Review"). During that biennial review, Dominion also testified that the "[s]ite separation work is a necessary precursor to constructing a new unit at the North Anna site," and the separation assets "will be used by the operating Units 1 and 2 as well as Unit 3 if the Company proceeds with construction." See Dominion's Reply at 10 (citations omitted) (emphasis added).

<sup>12</sup> *Commonwealth of Virginia, ex. rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2015-00035, 2015 S.C.C. Ann. Rept. 320, 322 ("2015 IRP") (citing *2015 Biennial Review*, 2015 S.C.C. Ann. Rept. at 306-307).

<sup>13</sup> Dominion's Motion to Dismiss at 5. VCCC asserts that, in reality, these costs are not incurred solely at shareholders' risk, because the Commission "could be confronted with a situation where a disallowance of imprudently incurred North Anna 3 development costs would be argued to affect Dominion's credit quality to the potential detriment of its customers." Petition at 16 (footnote omitted). In addition, the Commission has previously observed: "Should Dominion come to this Commission in a future CPCN or RAC proceeding having already incurred multiple billions of dollars in costs on North Anna 3, it is entirely foreseeable that the amount of costs already incurred will be argued in that proceeding as a compelling reason for the Commission to approve the application." *2015 IRP*, 2015 S.C.C. Ann. Rept. at 323. The Commission further notes that there are additional statutes under which we could investigate the Company's continued spending on North Anna 3, including Code §§ 56-35, 56-36, and 56-249. Indeed, Dominion has acknowledged that the Commission has broad jurisdiction to conduct a proceeding on North Anna 3 under such statutes. See *2015 Biennial Review*, Doc. Con. Cen. No. 151030293, Post-Hearing Brief of Virginia Electric and Power Company at 114-15; *2015 IRP*, Doc. Con. Cen. No. 151130189, Tr. 780-81.

<sup>14</sup> See, e.g., Dominion's Reply at 6.

<sup>15</sup> See, e.g., *id.* at Attachment A.

Based on the representations in this record, including the fact that the remaining spending on North Anna 3 for 2017 will be limited to approximately \$25 million, the Commission declines at this time to initiate a proceeding regarding this matter. Moreover, Dominion has attested – in the instant case and in its 2016 IRP proceeding – that its planned expenditures for 2017 represent the final costs necessary to obtain a COL for the potential construction and operation of North Anna 3. That is, Dominion has affirmed that costs beyond those estimated for 2017 would only be incurred if the Company obtains the COL and chooses to go forward with construction of the new generation facility. As a result, Dominion is not expected to incur materially additional expenses for North Anna 3, beyond those projected through 2017, without prior approval of the Commission.

Accordingly, IT IS SO ORDERED and this matter is dismissed.

**CASE NO. PUE-2016-00098  
MARCH 17, 2017**

APPLICATION OF  
J. WILLIAM COFER

On behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association  
For approval of a revision of rates and charges for pilotage

**FINAL ORDER**

On August 31, 2016, J. William Cofer, on behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association ("Association"), filed an Application with the State Corporation Commission ("Commission") for approval to revise the Association's rates and charges for pilotage services. The Association, among other things, proposes an increase in the Association's annual revenues by 6.9% to recover increased operating expenses and to fund additional capital improvements and salary and benefit increases.<sup>1</sup>

The Association also filed, in Appendix C, a proposed schedule of rates and charges, which are expected to produce the requested increase in annual revenues.<sup>2</sup> The proposed pilotage rates and charges are based on the gross tonnage formula approved by the Commission in the Association's last rate case, Case No. PUE-2006-00046.<sup>3</sup> As directed by the Commission in the 2006 Order, the Association also filed, in Appendix E, alternative pilotage rates and charges based on combination gross tonnage/draft charges, which are also designed to produce the total proposed increase in annual revenues.<sup>4</sup>

On September 20, 2016, the Commission entered an Order for Notice and Hearing that, among other things, required the Association to provide public notice of its Application, directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon, and set this matter for hearing on February 28, 2017. No respondents filed notices of participation, and the Commission did not receive any comments on the Application.<sup>5</sup>

On January 31, 2017, the Staff filed the direct testimony and exhibits of Richard W. Michaux, Jr., which recommended that the Commission approve the Association's request for a revision of rates and charges for pilotage as filed.<sup>6</sup> On February 14, 2017, the Association filed a letter stating that it would not be filing rebuttal testimony in this matter.

On February 14, 2017, the Association and the Staff filed a Stipulation and Proposed Recommendation ("Stipulation") that purports to resolve all issues raised by the Application. The Stipulation states in part:

- The Association's rates and charges will increase by \$1,632,354. The resulting rates are reflected on the Pilotage Rates and Charges Tariff Sheet, Attachment 1 to the Stipulation.
- The Commission should continue to calculate pilotage charges based on the gross tonnage methodology implemented in Case No. PUE-2006-00046.
- The Association agrees to include certain financial statements, schedules and workpapers in all future rate applications.<sup>7</sup>

<sup>1</sup> Ex. 2 (Application) at 3-5.

<sup>2</sup> *Id.* at 5, Appendix C.

<sup>3</sup> *Id.* at 8, Appendix C. See *Application of J. William Cofer, On behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association, For approval of a change in the basis for determining pilotage charges and a revision of rates and charges for pilotage*, Case No. PUE-2006-00046, 2006 S.C.C. Ann. Rept. 429, Final Order (Sept. 11, 2006) ("2006 Order").

<sup>4</sup> Ex. 2 (Application) at 10, Appendix E.

<sup>5</sup> On February 23, 2017, the Commission entered an order appointing a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, concluding with the issuance of a report containing the Hearing Examiner's findings and recommendations. See *Application of J. William Cofer, On behalf of himself and all other licensed branch pilots in the Commonwealth of Virginia who are members of the Virginia Pilot Association, For approval of a revision of rates and charges for pilotage*, Case No. PUE-2016-00098, Doc. Con. Cen. No. 170230028, Order (Feb. 23, 2017).

<sup>6</sup> On February 3, 2017, Staff filed corrected pages and appendices of Staff witness Michaux's testimony.

<sup>7</sup> See Ex. 5 (Stipulation) at 1-2.

The evidentiary hearing, during which time the testimony and exhibits of the Association and Staff were introduced and received into the record, was convened on February 28, 2017.

On March 1, 2017, the Hearing Examiner issued her report ("Report"), which contained the Hearing Examiner's findings and recommendations. In her Report, the Hearing Examiner found that the rates set forth in Attachment 1 to the Stipulation comply with the requirements of § 54.1-918 of the Code of Virginia,<sup>8</sup> which states:

The Commission shall fix amounts that will be a fair charge for the service rendered. The Commission shall have due regard for necessary operating expenses, maintenance of, depreciation on, and return on investment in properties used and useful in the business of pilotage, and the rates and charges of pilotage at comparable and competing ports of the United States.

The Hearing Examiner further found that the Commission should approve the Association's proposal to eliminate Schedule G and replace the current "Schedule H and T" with a new Schedule H.<sup>9</sup> Finally, the Hearing Examiner found that the Association's charges should continue to be determined based upon the gross tonnage methodology approved in the 2006 Order.<sup>10</sup> The Hearing Examiner recommended that the Commission adopt the Report's findings, approve the Application, and direct the submission of agreed upon documentation in future rate applications.<sup>11</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Stipulation is reasonable and should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) As provided by Code § 54.1-918, the Application is granted and the revised rates and charges prescribed therein are approved.
- (2) The Stipulation is reasonable and hereby is adopted.
- (3) The revised rates and charges approved herein shall become effective as of the date of this Order.
- (4) The Association shall file with the Clerk of the Commission and the Division of Utility Accounting and Finance a schedule of rates of pilotage and other charges as approved and prescribed by this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.
- (5) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>8</sup> Report at 4.

<sup>9</sup> *Id.* The Association contended these modifications would eliminate tariffs that are obsolete. See Ex. 2 (Application) at 7.

<sup>10</sup> Report at 4.

<sup>11</sup> *Id.* at 5.

**CASE NO. PUE-2016-00099  
MARCH 17, 2017**

APPLICATION OF  
GOLD STAR ENERGY, LLC

For a license to conduct business as an aggregator of natural gas and electricity

**ORDER GRANTING LICENSE**

On September 1, 2016, Gold Star Energy, LLC ("Gold Star" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas and electricity ("Application"). On October 4, 2016, the Company filed supplemental information to complete its Application. In its Application, the Company seeks authority to serve eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.<sup>1</sup> Gold Star attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On October 6, 2016, the Commission entered an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, provided an opportunity for interested persons to comment on the Application; established a procedural schedule directing the Commission Staff ("Staff") to

<sup>1</sup> Although Gold Star seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power"), Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

file a report ("Staff Report") on or before November 8, 2016; and permitted Gold Star and any party who filed comments on the Application to file a response to the Staff Report on or before November 10, 2016.

On October 27, 2016, Dominion Virginia Power filed comments on the Application and a Notice of Participation. Those comments, among other things, urged the Commission and its Staff to investigate and closely examine Gold Star's financial and technical fitness to serve as a Virginia aggregator for electricity and natural gas.

On November 4, 2016, the Commission granted Staff's Motion for Extension of Time to File Staff Report and to Amend Procedural Schedule ("Order Granting Extension"), extending the filing date for Staff to file its Staff Report to seven calendar days from the date Gold Star provides information responsive to Staff data requests sent on October 28, 2016, and extending the filing date for any response to the Staff Report to seven calendar days from the date the Staff Report is filed.

On February 21, 2017, Gold Star submitted information responsive to Staff's October 28, 2016 data requests. Pursuant to the Commission's Order Granting Extension, on February 28, 2017, Staff filed its Staff Report summarizing Gold Star's Application and evaluating its financial condition and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of electricity and natural gas to commercial, industrial and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia.<sup>3</sup> Neither Gold Star nor Dominion Virginia Power filed comments to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that Gold Star meets the requirements for a license to conduct business as an aggregator of electricity and natural gas and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Gold Star hereby is granted License No. A-50 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

<sup>3</sup> Staff Report at 6.

**CASE NO. PUE-2016-00104  
MAY 3, 2017**

APPLICATION OF  
C4GT, LLC

For certification of an electric generating facility in Charles City County pursuant to § 56-580 D of the Code of Virginia

**FINAL ORDER**

On September 14, 2016, C4GT, LLC ("C4GT" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity ("Certificate") to construct and operate a 1,060 megawatt ("MW") generating facility in Charles City County, Virginia ("Facility").<sup>1</sup> C4GT filed its Application pursuant to § 56-580 D of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.<sup>2</sup>

C4GT is a special purpose entity formed to develop, construct, own, and operate the Facility.<sup>3</sup> The Facility would be constructed as a combined-cycle generation facility configured with two combustion turbines and one steam turbine and fueled by natural gas.<sup>4</sup> C4GT would construct the Facility on an approximately 88-acre site located at 3001 Roxbury Road in Charles City County, approximately one-half mile from the Roxbury Industrial Park and less than one mile from Virginia Electric and Power Company's existing Chickahominy Substation in Charles City County.<sup>5</sup> C4GT indicates that in 2015 the Charles City County Board of Supervisors approved a Special Use Permit for this site that will allow operation of the proposed Facility.<sup>6</sup>

<sup>1</sup> C4GT identifies 1,060 MW as the net nominal generating capacity of the proposed Facility at 95°F ambient temperature. Ex. 1 (Application) at 5.

<sup>2</sup> 20 VAC 5-302-10 *et seq.* C4GT's Application indicates the Facility also satisfies Code §§ 56-46.1 and 56-596. See, e.g., Ex. 1 (Application) at 16-18.

<sup>3</sup> See, e.g., Ex. 1 (Application) at 2, 7. Development of the C4GT Facility will be funded by Ares Charles City, LLC, an affiliate of Ares EIF Management, LLC ("ARES EIF"). C4GT has retained NOVI Energy, LLC ("NOVI") to support and manage all development actions for the Facility. The record indicates that ARES EIF and NOVI's management team have significant experience funding and developing electric generation and other energy infrastructure projects. *Id.* (Application, Attachment 1) at Ex. 3; Ex. 6 (Gereaux Direct) at 1-3.

<sup>4</sup> See, e.g., Ex. 1 (Application) at 5-6.

<sup>5</sup> *Id.* at 4-5.

<sup>6</sup> See, e.g., Ex. 3 (Gangadharan Direct) at 4.



C4GT plans for the Facility to receive pipeline quality natural gas from a pipeline owned by Virginia Natural Gas, Inc., a local natural gas distribution company.<sup>7</sup> According to the Applicant, the Facility will interconnect with an existing pipeline that currently traverses the Facility site, where a delivery point will be located.<sup>8</sup>

The Applicant asserts that the Facility will promote the public interest by, among other things, providing significant economic benefits to the Commonwealth of Virginia, Charles City County, and the surrounding area by providing a significant source of new merchant generation capacity in Virginia.<sup>9</sup> C4GT would operate the Facility as an independent merchant power plant supplying electricity on a wholesale basis to the electricity markets in Virginia and surrounding regions.<sup>10</sup> According to the Application, the rates for electricity from the Facility would not be regulated pursuant to Code § 56-585.1, and its costs would not be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10 of Title 56 of the Code.<sup>11</sup> C4GT further asserts that the Facility should ensure greater reliability of electric service in the local region and would interconnect to the electric transmission system at the existing Chickahominy Substation based on studies conducted by PJM Interconnection, LLC ("PJM"), the regional transmission organization.<sup>12</sup>

The Facility will use dry low nitrogen oxides ("NO<sub>x</sub>") burner technology and a selective catalytic reduction system to control NO<sub>x</sub> emissions and will use an oxidation catalyst section to reduce carbon monoxide and volatile organic compounds.<sup>13</sup> C4GT indicates that the design and operation of the Facility, together with applicable regulatory requirements, ensure that the Facility will have minimal adverse environmental effects.<sup>14</sup> The Application states that C4GT has or will apply for all necessary approvals and permits from regulatory agencies with oversight responsibilities for all environmental aspects of the Facility and that such agencies will impose all necessary conditions to ensure protection of the public health and environment.<sup>15</sup>

On October 18, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule, provided the opportunity for any interested person to comment or participate in this proceeding as a respondent, directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits, provided the opportunity for the Applicant to file rebuttal testimony and exhibits, scheduled an evidentiary hearing, and assigned a Hearing Examiner to conduct further proceedings in this matter. The Commission received several comments on the Application. On December 19, 2016, the Virginia Chapter of the Sierra Club filed a notice of participation.

In the Procedural Order, the Commission noted that the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Facility.<sup>16</sup> DEQ filed a report ("DEQ Report") on the proposed Facility on December 1, 2016.<sup>17</sup> The DEQ Report summarizes the proposed Facility's potential impacts, makes recommendations for minimizing those impacts, and outlines the Applicant's responsibilities for compliance with legal requirements governing environmental protection. The DEQ Report contained the following recommendations:

1. Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
2. Follow DEQ's recommendations regarding erosion and sediment control and Best Management Practices maintenance, as applicable;
3. Follow DEQ's recommendations regarding air quality protection, as applicable;
4. Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
5. Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database if six months have passed before the project is implemented;
6. Coordinate with DCR regarding its recommendation to coordinate with the U.S. Fish and Wildlife Service and the Department of Game and Inland Fisheries ("DGIF") regarding the federal-listed endangered and state-listed threatened Atlantic sturgeon;
7. Coordinate with the Department of Historic Resources ("DHR") regarding its recommendations to protect historic and archaeological resources and to submit the completed historic resources study to DHR;

<sup>7</sup> *Id.* at 5.

<sup>8</sup> *Id.*

<sup>9</sup> *See, e.g.*, Ex. 1 (Application) at 12-15.

<sup>10</sup> *Id.* at 1-2, 10-11.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 5, 10-11. The Facility would interconnect to the Chickahominy Substation at either 230 or 500 kilovolts. *Id.* (Application, Attachment 1) at Ex. 10.

<sup>13</sup> Ex. 1 (Application) at 6, 9.

<sup>14</sup> *Id.* at 17.

<sup>15</sup> *Id.* at 17-18.

<sup>16</sup> Procedural Order at 4.

<sup>17</sup> Ex. 7 (DEQ Report). Corrections to the Wetlands Impact Review filed on January 23, 2017, are included in Ex. 7.

8. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
9. Limit the use of pesticides and herbicides to the extent practicable.<sup>18</sup>

On February 14, 2017, Staff filed its testimony. Staff stated that since C4GT is not a regulated public utility, it bears any business risk associated with the Facility.<sup>19</sup> Staff also indicated that the proposed Facility should enhance the reliability of the electricity supply in the Commonwealth of Virginia ("Commonwealth") and the Mid-Atlantic region, particularly during peak demand times.<sup>20</sup> In addition, Staff determined that the proposed Facility should enhance the competitive market for wholesale electricity in the region and provide several economic benefits for Charles City County and the Commonwealth, including the creation of jobs in the area and the generation of tax revenue, as well as other indirect benefits to the local community.<sup>21</sup>

Staff's testimony also includes four recommendations. Staff recommended that C4GT address two aspects of the DEQ Report: (1) potential time-of-year restrictions identified in the DEQ Report; and (2) DEQ's recommendation to coordinate with the DHR regarding the potential impact on historic and archaeological resources of water pipelines that would be constructed for the Facility and to submit a completed historic resources study to the DHR.<sup>22</sup> Staff further recommended that C4GT file its PJM System Impact and Interconnection Facilities Studies with the Commission once they have been completed.<sup>23</sup> Finally, Staff recommended that any Commission approval of a Certificate for the proposed Facility include as a condition a two-year sunset provision, subject to an extension for good cause.<sup>24</sup>

On February 28, 2017, C4GT filed its rebuttal testimony. In its rebuttal testimony, C4GT responded to the two Staff recommendations related to DEQ listed above. C4GT indicates that it has agreed to time-of-year restrictions on all instream construction activities in or near the James River proposed by the DGIF, which will be set forth in the Virginia Water Protection Permit for the Facility.<sup>25</sup> Regarding the DEQ Report's recommendations related to DHR, C4GT explained that a cultural resource study on the water pipelines impact had been completed. According to C4GT, the study determined that the subsurface water pipelines will have no impact on recorded and unrecorded archaeological sites.<sup>26</sup>

The Hearing Examiner convened a hearing, as scheduled, on March 14, 2017. C4GT and Staff participated in the hearing and introduced their testimonies and exhibits into the record.<sup>27</sup> Five public witnesses also testified at the hearing.<sup>28</sup>

On April 7, 2017, A. Ann Berkebile, Hearing Examiner, issued her report in this proceeding ("Report" or "Hearing Examiner's Report"). The Hearing Examiner summarized the record and found that: (1) the Facility will have no materially adverse effect upon the reliability of electric service provided by any regulated public utility; (2) the Facility is not contrary to the public interest; (3) the Commission should issue a Certificate to C4GT authorizing construction and operation of the Facility; (4) the recommendations from the DEQ Report and the filing of PJM studies, upon availability, should be adopted by the Commission as conditions of approval; and (5) the Commission should adopt the two-year sunset provision recommended by Staff.<sup>29</sup>

On April 13, 2017, C4GT filed comments in support of the Hearing Examiner's Report and requested that the Commission adopt the findings and recommendations in the Report, approve the Application, and issue a Certificate for the Facility.<sup>30</sup> No other participants filed comments on the Report.

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<sup>18</sup> *Id.* at 5-6.

<sup>19</sup> Ex. 5 (Stevens Direct) at 18.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 19.

<sup>22</sup> *Id.* at 14.

<sup>23</sup> *Id.* at 10-11.

<sup>24</sup> Ex. 6 (Gereaux Direct) at 3.

<sup>25</sup> Ex. 8 (Pritcher Rebuttal) at 1-2. The Facility would withdraw water from, and discharge water into, the James River by two subsurface water pipelines that would extend approximately 12 miles from the Facility to Shirley Cove. *See, e.g.*, Ex. 5 (Stevens Direct) at 8-9.

<sup>26</sup> Ex. 8 (Pritcher Rebuttal) at 2.

<sup>27</sup> The respondent in this proceeding, Sierra Club, did not file testimony or appear at the hearing.

<sup>28</sup> Tr. 15-29.

<sup>29</sup> Hearing Examiner's Report at 9.

<sup>30</sup> Comments of C4GT, LLC on the Report of A. Ann Berkebile, Hearing Examiner at 2.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

Code of Virginia

Section 56-580 D of the Code provides in part:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, . . . and (iii) are not otherwise contrary to the public interest.

Further, with regard to generating facilities, § 56-580 D of the Code directs that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . . ." Section 56-46.1 A of the Code provides in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

Subsection 56-46.1 A also provides:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Section 56-580 D of the Code contains language limiting the Commission's authority that is nearly identical to the language set forth in Code § 56-46.1 A.

The Code also directs the Commission to consider the effect of a proposed facility on economic development in Virginia. Section 56-46.1 A of the Code states in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code provides that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

Reliability

We agree with the Hearing Examiner and find that construction of the Facility will have no adverse effect on reliability of electric service provided by regulated public utilities in Virginia.<sup>31</sup> The record in this case reflects that the construction of the Facility is likely to enhance, among other things, local reliability.<sup>32</sup> Additionally, C4GT shall file its System Impact and Interconnection Facilities Studies once each has been completed by PJM.<sup>33</sup>

<sup>31</sup> Hearing Examiner's Report at 8. See, e.g., Ex. 1 (Application, Attachment 1) at Ex. 10; Ex. 5 (Stevens Direct) at 18-19.

<sup>32</sup> See, e.g., Ex. 1 (Application) at 10; Ex. 5 (Stevens Direct) at 18.

<sup>33</sup> PJM's studies will determine the potential impact of the Facility on the transmission system and any transmission facilities that C4GT will be responsible for constructing and/or funding in order to interconnect the Facility without compromising transmission system reliability. Ex. 5 (Stevens Direct) 9-11. The record includes the Feasibility Study completed by PJM for interconnection of the Facility. See, e.g., Ex. 1 (Application, Attachment 1) at Ex. 10.

### Economic Development

We find that the proposed Facility will likely generate direct and indirect economic benefits to Charles City County and the Commonwealth as a result of employment and spending from construction and operation of the proposed Facility.<sup>34</sup> The Facility is projected to create several hundred jobs during the construction period and thereafter approximately 18-22 full-time jobs.<sup>35</sup> Further, Charles City County will likely receive a substantial increase in real property taxes associated with the Facility.<sup>36</sup> The Commonwealth also will likely benefit from an increase in sales and use tax revenue associated with the Facility.<sup>37</sup>

### Environmental Impact

The statutes direct that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."<sup>38</sup>

As noted above, DEQ coordinated an environmental review of the proposed Facility and submitted a DEQ Report that, among other things, set forth recommendations for the proposed Facility.<sup>39</sup> The Applicant did not oppose any recommendations in the DEQ Report.<sup>40</sup> Based on the record, we agree with the Hearing Examiner that C4GT should implement DEQ's recommendations and that, with such implementation, any adverse environmental impacts of the Facility would be reasonably minimized.<sup>41</sup> Further, C4GT should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Facility.

### Public Interest

We agree with the Hearing Examiner that the record supports a finding that the Facility is not "contrary to the public interest" as contemplated by § 56-580 D of the Code.<sup>42</sup> As discussed above, the Facility is likely to produce economic benefits in terms of jobs and tax revenues.<sup>43</sup> Completion of the facility should also enhance reliability and the competitive wholesale markets in which C4GT intends to participate.<sup>44</sup> Additionally, as recognized by the Applicant, the business risk associated with constructing, owning, and operating the Facility, which will not provide retail electric service in the Commonwealth and will not be included in the rate base of any incumbent electric utility, rests with C4GT.<sup>45</sup>

### Sunset Provision

As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Facility has not commenced, though C4GT subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

- (1) Subject to the findings and requirements set forth in this Final Order, the Company is granted approval and Certificate of Public Convenience and Necessity No. EG-212 to construct and operate the Facility as set forth in this proceeding.
- (2) The Company shall forthwith file a map of the Facility within Charles City County for certification.
- (3) This case is dismissed.

<sup>34</sup> See, e.g., Ex. 1 (Application) at 9-10; Ex. 3ES (Gangadharan Direct) at 8-9; Ex. 5 (Stevens Direct) at 16, 18-19.

<sup>35</sup> Ex. 5 (Stevens Direct) at 15; Ex. 5ES (Stevens Direct) at JAS-1.

<sup>36</sup> See, e.g., Ex. 5 (Stevens Direct) at 18; Ex. 3ES (Gangadharan Direct) at 9; Ex. 5ES (Stevens Direct) at JAS-1, JAS-4.

<sup>37</sup> See, e.g., Ex. 5 (Stevens Direct) at 18; Ex. 5ES (Stevens Direct) at JAS-4.

<sup>38</sup> Code § 56-46.1 A. See also Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . .").

<sup>39</sup> Ex. 7 (DEQ Report).

<sup>40</sup> Hearing Examiner's Report at 9.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> See, e.g., Ex. 1ES (Application) at 9-10, 16; Ex. 3ES (Gangadharan Direct) at 8-9; Ex. 5ES (Stevens Direct) at 14-19, JAS-1, JAS-4.

<sup>44</sup> See, e.g., Ex. 5 (Stevens Direct) at 18-19; Ex. 3 (Gangadharan Direct) at 9.

<sup>45</sup> See, e.g., Ex. 1 (Application) at 16 ("C4GT bears all the business risk associated with the Facility, not the electric ratepayers of the Commonwealth.").

**CASE NO. PUE-2016-00110  
JANUARY 11, 2017**

JOINT PETITION OF  
 VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER,  
 APPALACHIAN POWER COMPANY,  
 KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY,  
 A&N ELECTRIC COOPERATIVE, BARC ELECTRIC COOPERATIVE, CENTRAL  
 VIRGINIA ELECTRIC COOPERATIVE, COMMUNITY ELECTRIC COOPERATIVE,  
 CRAIG-BOTETOURT ELECTRIC COOPERATIVE, MECKLENBURG ELECTRIC COOPERATIVE,  
 NORTHERN NECK ELECTRIC COOPERATIVE, NORTHERN VIRGINIA ELECTRIC COOPERATIVE,  
 PRINCE GEORGE ELECTRIC COOPERATIVE, RAPPAHANNOCK ELECTRIC COOPERATIVE,  
 SHENANDOAH VALLEY ELECTRIC COOPERATIVE, SOUTHSIDE ELECTRIC COOPERATIVE,  
 and  
 VIRGINIA, MARYLAND & DELAWARE ASSOCIATION OF ELECTRIC COOPERATIVES

For Rulemaking for the Limited Purpose of Modifying the Serious Medical Condition Certification Form pursuant to Rule 20 VAC 5-330-30

**FINAL ORDER**

On September 23, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power, Appalachian Power Company, Kentucky Utilities Company d/b/a Old Dominion Power Company, A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, Southside Electric Cooperative, and Virginia, Maryland & Delaware Association of Electric Cooperatives (collectively, "Petitioners") filed a Joint Petition for Rulemaking ("Joint Petition") with the State Corporation Commission ("Commission").<sup>1</sup> The Petitioners request that the Commission initiate a rulemaking for the limited purpose of modifying the Serious Medical Condition Certification Form ("Form SMCC"), which was included in the adoption of 20 VAC 5-330-30 B of the Commission's regulations titled "Limitations on Disconnection of Electric and Water Service"<sup>2</sup> ("Rules") in 2011.<sup>3</sup>

Form SMCC enables the Petitioners to be aware of residential customers who have a serious medical condition(s) or who reside with a family member with a serious medical condition(s), as defined by Rule 20 VAC 5-330-20, particularly with regard to emergencies and the termination or disconnection of electric service for such customers. Form SMCC requires certification by a licensed physician that the medical condition meets the definition of a "serious medical condition" in Rule 20 VAC 5-330-20. The Petitioners utilize the Form SMCC provided on the Commission's website but request that the Commission approve certain non-substantive modifications to Form SMCC to "make the form more user-friendly for utility customers and their physician(s) and provide more useful information to a utility carrying out its service to the public including customers with serious medical conditions."<sup>4</sup> Specifically, the Petitioners propose the following modifications: (1) add a separate description box specific to the "Required Treatment for Condition" section of Form SMCC; (2) add a checklist to the description box for equipment prescribed for the serious medical condition, and change that description box to state "Equipment prescribed and/or equipment required for treatment of condition (If any): (Check all that apply)"; and (3) delete the "Additional Comments" box on the bottom of Form SMCC.<sup>5</sup> The Petitioners assert that the proposed modifications to Form SMCC ("Proposed Form SMCC") are "consistent with and continue[] to meet the requirements of the [Rules]."<sup>6</sup>

On October 19, 2016, the Commission entered an Order for Notice and Comment which, among other things, required the Petitioners to give notice to the public of the Joint Petition's proposed modifications to Form SMCC; provided interested persons the ability to file comments and requests for hearing; required the Commission's Staff ("Staff") to file a statement of position regarding the proposed modifications to Form SMCC; and permitted the Petitioners to respond to the Staff's statement of position, as well as any comments or requests for hearing. The Commission further found that it was not necessary to initiate a rulemaking for the limited purpose of modifying Form SMCC since the Petitioners did not propose changes to the underlying regulations; however, the Commission directed that a copy of the Order for Notice and Comment and the Proposed Form SMCC be sent to the Registrar of Regulations for publication in the *Virginia Register*.<sup>7</sup> No comments or requests for hearing were filed in this proceeding.

On December 13, 2016, Staff filed a letter stating that the Staff did not object to the Petitioners' proposed changes to Form SMCC. On December 19, 2016, the Petitioners filed a response requesting that the Commission enter a final order adopting the proposed modifications to Form SMCC by the end of January 2017.

<sup>1</sup> On October 5, 2016, the Petitioners filed a revised Attachment B and paragraph 30 of the Joint Petition to clarify the proposed modifications to Form SMCC.

<sup>2</sup> 20 VAC 5-330-10 through 20 VAC 5-330-50.

<sup>3</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In re: Establishing rules providing limitations on disconnection of electric and water service for persons with serious medical conditions*, Case No. PUE-2011-00060, 2011 S.C.C. Ann. Rept. 511, Order Adopting Regulations (Oct. 18, 2011).

<sup>4</sup> Joint Petition at 11.

<sup>5</sup> *Id.* at 11-12 and Attachment B (revised October 5, 2016).

<sup>6</sup> *Id.* at 11.

<sup>7</sup> The Order for Notice and Comment and proposed Form SMCC were published in the November 14, 2016 issue of the *Virginia Register of Regulations*.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Joint Petition and proposed Form SMCC, as amended on October 5, 2016 (attached hereto as Attachment A), should be approved.

Accordingly, IT IS SO ORDERED and this matter is dismissed.

NOTE: A copy of Attachment A entitled "Serious Medical Condition Certification Form" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2016-00111  
JUNE 1, 2017**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement new, and to extend existing, demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

**FINAL ORDER**

On October 3, 2016, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion Energy Virginia" or "Company"),<sup>1</sup> pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code"), the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>2</sup> of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,<sup>3</sup> the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs,<sup>4</sup> the directive contained in Ordering Paragraph (4) of the Commission's April 19, 2016 Final Order in Case No. PUE-2015-00089,<sup>5</sup> and the Commission's August 4, 2016 Order Granting Motion,<sup>6</sup> filed with the Commission its petition for approval to implement new demand-side management ("DSM") programs, for approval to extend existing DSM programs, and for approval of two updated rate adjustment clauses ("Petition").<sup>7</sup>

In its Petition and Supplemental Testimony, Dominion Energy Virginia seeks approval to implement two new DSM programs as the Company's "Phase VI" programs.<sup>8</sup> Specifically, the Company requested that the Commission permit the Company to implement the following proposed DSM programs for the five-year period of July 1, 2017, through June 30, 2022, subject to future extensions as requested by the Company and granted by the Commission:

- Residential Home Energy Assessment Program; and
- Non-residential Prescriptive Program.<sup>9</sup>

According to the Company, both of its proposed Phase VI programs are energy efficiency programs as defined by § 56-576 of the Code.<sup>10</sup> The Company originally proposed a five-year spending cap for the Phase VI programs in the amount of \$177,658,296.<sup>11</sup>

<sup>1</sup> The Company was formerly doing business as Dominion Virginia Power, but officially changed the name to "Virginia Electric and Power Company d/b/a Dominion Energy Virginia" on May 12, 2017.

<sup>2</sup> 20 VAC 5-201-10 *et seq.*

<sup>3</sup> 20 VAC 5-303-10 *et seq.*

<sup>4</sup> 20 VAC 5-304-10 *et seq.*

<sup>5</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Doc. Con. Cen. No. 160420196, Final Order (Apr. 19, 2016) ("2016 DSM Order").

<sup>6</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Doc. Con. Cen. No. 160810154, Order Granting Motion (Aug. 4, 2016).

<sup>7</sup> Supporting testimony and other documents also were filed with the Petition. On October 24, 2016, the Company filed the Motion of Virginia Electric and Power Company for Leave to File Supplemental Direct Testimony, along with the Supplemental Direct Testimony and Supplemental Schedule I of Michael T. Hubbard ("Supplemental Testimony").

<sup>8</sup> Exhibit ("Ex.") 2 (Petition) at 2.

<sup>9</sup> *Id.* at 5.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 6. This cost is inclusive of operating costs; estimated revenue reductions related to energy efficiency programs ("lost revenues"); common costs; return on capital expenditures; margins on operation and maintenance expenses; and evaluation, measurement and verification costs. The Company further proposes that spending within the cap be flexible among the Phase VI programs and requests the ability to exceed the spending cap by no more than 5%. *Id.*

Additionally, in its Petition, the Company requested approval to continue its Residential Heat Pump Upgrade Program and Non-residential Distributed Generation ("DG") Program for two years (through May 31, 2019) and five years (through May 31, 2022), respectively, subject to future extensions as requested by the Company and granted by the Commission.<sup>12</sup> The Residential Heat Pump Upgrade Program and the Non-residential DG Program were originally approved by the Commission in Case No. PUE-2011-00093 ("2011 DSM Proceeding").<sup>13</sup> In its Petition in the current proceeding, the Company stated that the Residential Heat Pump Upgrade Program has not yet reached the anticipated five-year participation level, nor has it exhausted the total of the previously approved cost cap of \$90 million for the residential programs approved in Case No. PUE-2011-00093.<sup>14</sup> The Company is not requesting any additional funding above the original total cost cap as part of its request to extend the Residential Heat Pump Upgrade Program for an additional two years.<sup>15</sup>

In the 2011 DSM Proceeding, the Commission approved a total cost cap of \$14.2 million for the Non-residential DG Program. According to the Petition, the Company has spent the majority of this cost cap and, therefore, the Company requested a new five-year cost cap of \$4,853,946 for the Non-residential DG Program.<sup>16</sup>

Further, the Company requested approval of an annual update to continue two rate adjustment clauses, Riders C1A and C2A, for the July 1, 2017 through June 30, 2018 rate year ("Rate Year") for recovery of: (i) Rate Year costs associated with programs previously approved by the Commission in Case No. PUE-2011-00093 ("Phase II programs"), Case No. PUE-2013-00072 ("Phase III programs"),<sup>17</sup> Case No. PUE-2014-00071 ("Phase IV programs"),<sup>18</sup> and Case No. PUE-2015-00089 ("Phase V program"); (ii) calendar year 2015 true-up of costs associated with the Company's approved Phase II, Phase III and Phase IV programs; (iii) Rate Year costs and calendar year 2015 true-up costs associated with the Company's Electric Vehicle Pilot Program, which was approved by the Commission in Case No. PUE-2011-00014;<sup>19</sup> and (iv) Rate Year costs associated with the Company's proposed Phase VI programs.<sup>20</sup>

The cost components for Riders C1A and C2A are the projected revenue requirement, which includes operating expenses that are projected to be incurred during the Rate Year, and a monthly true-up adjustment, which compares actual costs for the 2015 calendar year to the actual revenues collected during the same period.<sup>21</sup> In the Petition, the Company proposed a total revenue requirement for Riders C1A and C2A of \$45,405,425.<sup>22</sup>

For purposes of calculating the Rate Year projected revenue requirement, the Company used a general rate of return on common equity ("ROE") of 10.5%.<sup>23</sup> For the 2015 calendar year monthly true-up adjustment, the Company used a general ROE of 10.0%, which was approved by the Commission in Case No. PUE-2013-00020.<sup>24</sup>

On October 28, 2016, the Commission issued an Order for Notice and Hearing, which, as amended by the Order Granting Extension, dated February 14, 2017, and Order Granting Motions, dated March 13, 2017, among other things, docketed the Petition; required Dominion Energy Virginia to publish notice of its Petition; gave interested persons the opportunity to comment on, or participate in, the proceeding; and scheduled a public hearing on non-ROE aspects of the Company's Petition and a separate public hearing on the ROE issues in this case. The following parties filed notices of participation in this proceeding: the Virginia Energy Efficiency Council ("VAEEC"); Appalachian Voices, the Natural Resources Defense Council, and the Virginia

<sup>12</sup> *Id.* at 2, 6-7.

<sup>13</sup> *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2011-00093, 2012 S.C.C. Ann. Rept. 298, Order (Apr. 30, 2012).

<sup>14</sup> Ex. 2 (Petition) at 7.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, 2014 S.C.C. Ann. Rept. 289, Final Order (Apr. 29, 2014) ("2014 DSM Order").

<sup>18</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, 2015 S.C.C. Ann. Rept. 230, Final Order (Apr. 24, 2015).

<sup>19</sup> *Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, 2011 S.C.C. Ann. Rept. 436, Order Granting Approval (July 11, 2011).

<sup>20</sup> Ex. 2 (Petition) at 2, 8; Ex. 3 (Cable Direct) at 1-2.

<sup>21</sup> Ex. 2 (Petition) at 10.

<sup>22</sup> *Id.* at 11.

<sup>23</sup> *Id.* at 9.

<sup>24</sup> *See id.*; Ex. 13 (Givens Direct) at 5; *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

Chapter of the Sierra Club (collectively, "Environmental Respondents"); and the Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel").

The VAECC, Environmental Respondents, and the Commission Staff ("Staff") filed the testimony and exhibits of their expert witnesses. Subsequently, the Company filed its rebuttal testimony. The Commission held a public and evidentiary hearing on non-ROE issues on March 28 and 29, 2017. Dominion Energy Virginia, Staff, Consumer Counsel, VAECC, and the Environmental Respondents participated in the hearing. At the hearing, the Commission received testimony from witnesses on behalf of the participants and also received testimony from seven public witnesses. On April 28, 2017, Dominion Energy Virginia, the VAECC, Environmental Respondents, Consumer Counsel, and Staff filed post-hearing briefs.

The Commission held a public and evidentiary hearing on ROE issues on March 29, 2017. By Order issued April 14, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Rate Year projected revenue requirement for Riders C1A and C2A. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>25</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

#### Code of Virginia

Dominion Energy Virginia seeks approval to continue the two rate adjustment clauses, Riders C1A and C2A, pursuant to § 56-585.1 A 5 of the Code, which allows a utility to petition the Commission for approval of a rate adjustment clause for the timely and current recovery from customers of the following costs:

- b. Projected and actual costs for the utility to design and operate fair and effective peak-shaving programs. The Commission shall approve such a petition if it finds that the program is in the public interest; provided that the Commission shall allow the recovery of such costs as it finds are reasonable;
- c. Projected and actual costs for the utility to design, implement, and operate energy efficiency programs, including a margin to be recovered on operating expenses, which margin for the purposes of this section shall be equal to the general rate of return on common equity determined as described in subdivision 2. The Commission shall only approve such a petition if it finds that the program is in the public interest. As part of such cost recovery, the Commission, if requested by the utility, shall allow for the recovery of revenue reductions related to energy efficiency programs. The Commission shall only allow such recovery to the extent that the Commission determines such revenue has not been recovered through margins from incremental off-system sales as defined in § 56-249.6 that are directly attributable to energy efficiency programs.

Section 56-576 of the Code defines "in the public interest" as follows:

"In the public interest," for purposes of assessing energy efficiency programs, describes an energy efficiency program if, among other factors, the net present value of the benefits exceeds the net present value of the costs as determined by the Commission upon consideration of the following four tests: (i) the Total Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program Administrator Test); (iii) the Participant Test; and (iv) the Ratepayer Impact Measure Test. Such determination shall include an analysis of all four tests, and a program or portfolio of programs shall not be rejected based solely on the results of a single test. In addition, an energy efficiency program may be deemed to be "in the public interest" if the program provides measurable and verifiable energy savings to low-income customers or elderly customers.

#### Phase VI Programs

Consistent with our decision in Dominion Energy Virginia's 2011 DSM Proceeding and subsequent proceedings, we evaluated the Company's Petition to determine whether the proposed Phase VI programs are "in the public interest" under § 56-585.1 A 5 of the Code by considering the four tests discussed in § 56-576 of the Code (Total Resource Cost ("TRC") Test, Utility Cost Test, Participant Test, and Ratepayer Impact Measure ("RIM") Test), as well as other relevant factors. As we have stated in previous orders regarding the Company's DSM programs, we are sensitive to the impact of the proposed DSM programs on customers' bills, particularly the bills of customers not participating in the programs.<sup>26</sup>

We find that the Company has not established that the Phase VI programs, as proposed, are in the public interest. Specifically, we find that the Non-residential Prescriptive Program is only in the public interest with modifications to the program. We further find that the Residential Home Energy Assessment Program is not in the public interest and thus deny the program at this time.

<sup>25</sup> *Application of Virginia Electric and Power Company, For approval to implement new, and to extend existing, demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2016-00111, Doc. Con. Cen. No. 170430042, Order (Apr. 14, 2017) at 7-8 ("April 14, 2017 Order").

<sup>26</sup> Certain large commercial and industrial customers are exempted from paying for these programs under § 56-585.1 A 5 of the Code. Accordingly, the costs fall most heavily on residential and small business customers who make up the majority of the Company's customers.



### Non-residential Prescriptive Program

The Company's proposed Phase VI Non-residential Prescriptive Program replaces the Phase II Non-residential Energy Audit and Non-residential Duct Testing and Sealing Program, which are expiring in May 2017, with the addition of several new measures.<sup>27</sup> As proposed, the Non-residential Prescriptive Program is open to all non-residential customers with average monthly demand of 10 megawatts or less, other than those who are statutorily exempt or have opted out of participation.<sup>28</sup>

Consistent with our discussion regarding the Company's Phase V Small Business Improvement Program in the Final Order in Case No. PUE-2015-00089,<sup>29</sup> the Commission shares the concerns expressed by Staff in the present case that the Company's projected savings associated with the Non-residential Prescriptive Program may be too high in light of the fact that the estimated average annual savings per participant either exceeds, or is an unrealistically high percentage of, the average annual usage of the majority of customers eligible (and likely) to participate in the Non-residential Prescriptive Program, which calls into question the accuracy and reliability of the cost/benefit analyses offered in support of this program.<sup>30</sup> It is evident that in order to achieve the Company's estimated average annual savings per participant of 128,984 kWh, a few very large non-residential customers would have to realize a large amount of savings; however, customers in those rate classes would not likely participate in the measures that provide the largest percentage of estimated savings in the Company's program design.<sup>31</sup> On the contrary, the Company's program design contemplates that the majority of customers expected to participate in the Non-residential Prescriptive Program would come from the GS-2 rate schedule, who would also be the most likely customers to participate in the measures providing the greatest amount of estimated savings.<sup>32</sup> We find that an estimated average annual savings per participant that is approximately 44-45% of the average annual usage of the customers most likely to participate in the Non-residential Prescriptive Program<sup>33</sup> is unrealistically high, which calls into question the accuracy of the Company's cost/benefit analyses for this program.

The Commission also notes that the residential classes bear the majority of the costs of non-residential DSM programs without receiving a commensurate share of the benefits available to the non-residential customers who participate in such programs. Accordingly, in order to be in the public interest, the Commission finds that the Non-residential Prescriptive Program shall be approved for the five-year period of July 1, 2017, through June 30, 2022, but with a total cost cap of \$36.0 million.<sup>34</sup> This amount represents the full year-one estimated costs of the program (in recognition that the Company has incurred design and other start-up costs) and approximately 50% of the remaining costs requested by the Company for this program.<sup>35</sup> Furthermore, the measures approved for this program are limited to those described in the Company's Petition and testimony,<sup>36</sup> and the Company must obtain approval from the Commission prior to adding any measures not described therein.

<sup>27</sup> See Ex. 4 (Hubbard Direct) at 13; Ex. 9 (Comparison of Non-residential Programs); Tr. 111-12.

<sup>28</sup> Ex. 9 (Comparison of Non-residential Programs); Ex. 23 (Pratt Direct), Attachment No. BSP-5, pages 1-2.

<sup>29</sup> 2016 DSM Order at 7-8.

<sup>30</sup> See Ex. 23 (Pratt Direct) at 22-23; Tr. 248-49, 279-80. The estimated average annual savings per participant referred to herein is the 128,984 kilowatt-hours ("kWh") presented in the Company's rebuttal testimony based on modified door size assumptions for the proposed Strip Curtain Measure, consistent with Staff's recommendations. See Ex. 28 (Hubbard Rebuttal) at 22, 25; Ex. 34 (Kesler Rebuttal), Rebuttal Schedule 11, page 2; Ex. 23 (Pratt Direct) at 19-20.

<sup>31</sup> Tr. 244-45; 254. See Ex. 25 (Company's Response to Staff Interrogatory No. 1-4 and Attachment Staff Set 1-4 (4) (Corr.) (Non-Residential Program Backup Data)), regarding the proposed refrigeration measures, including the Strip Curtain Measures, which provide about 50% of the estimated program savings. Tr. 254. As shown in Ex. 25, these measures are geared toward smaller customers like convenience stores and restaurants, and such customers would likely be within the GS-2 rate schedule. Tr. 255, 257-58, 277-78.

<sup>32</sup> Tr. 248-49, 279-80. See also Ex. 24 (Revised Attachment No. BSP-7) and n. 31, *supra*.

<sup>33</sup> See Ex. 23 (Pratt Direct) at 23; Tr. 379-80.

<sup>34</sup> The calculation of the approved budget for the Non-residential Prescriptive Program includes a change from the 9.6% ROE originally used by the Company to calculate the total cost of the program to an ROE of 9.4%, which the Commission found to be reasonable in its April 14, 2017 Order. The cost cap approved herein includes all potential costs of the programs – including, but not limited to, operating costs; lost revenues; common costs; return on capital expenditures; margins on operation and maintenance; and evaluation, measurement and verification costs. This cap may be exceeded by a maximum of 5% without being in violation of this Order. However, as discussed in our Order in the 2011 DSM Proceeding, Dominion Energy Virginia must provide support to establish the reasonableness of actual expenditures in subsequent cases involving its DSM Programs. As we stated in our Order in the 2011 DSM Proceeding, we do not guarantee recovery by Dominion Energy Virginia of the total amount of the approved cost cap. See 2012 S.C.C. Ann. Rept. at 301, n. 20. Finally, the Company has not requested herein – nor have we approved – recovery of any lost revenues for these programs. Ex. 2 (Petition) at 10. The Company represented at the hearing that it would not seek recovery of lost revenues for periods prior to a previous true-up for Rider C1A and Rider C2A. See Tr. 362.

<sup>35</sup> This is consistent with prior DSM orders wherein the Commission reduced the requested cost cap for DSM programs where the Commission questioned the reasonableness of certain assumptions and the resulting estimated energy savings associated with such programs. See 2014 DSM Order, 2014 S.C.C. Ann. Rept. at 293; 2016 DSM Order at 8.

<sup>36</sup> See Ex. 4 (Hubbard Direct) at 13, 15, Schedule 1, page 1; Ex. 9 (Comparison of Non-residential Programs).

### Residential Home Energy Assessment Program

Based on the evidence in this case, the Commission finds that the Residential Home Energy Assessment Program is not in the public interest and approval is therefore denied. We reached our decision after considering the four tests discussed in § 56-576 of the Code, above. We note that, according to the Company's RIM score of 0.39 for this program, the costs to non-participants far exceed the system-wide benefits.<sup>37</sup> Furthermore, at a ratio of 1.22, the TRC Test for the Residential Home Energy Assessment Program, which measures the impact to the utility and program participants,<sup>38</sup> does not significantly offset the low RIM score.<sup>39</sup> Moreover, a comparison of the net present value ("NPV") of the tests does not alter our conclusion. For example, Company witness Kesler states that "[t]he absolute value of the NPV of the test may be important when evaluating the RIM test with respect to the relative amount of rate impact any particular Program might have on the Company's customer base."<sup>40</sup> In this regard, the NPV of the RIM Test is *negative* \$120,966,000. In comparison, none of the other tests has a *positive* NPV that exceeds this amount.<sup>41</sup> In sum, we find that the costs to non-participants unreasonably exceed the projected benefits of the proposed Residential Home Energy Assessment Program.

### Residential Heat Pump Upgrade Program

For the same reasons stated above with regard to the proposed Phase VI Residential Home Energy Assessment Program, based on the evidence in this case, the Commission finds that the Residential Heat Pump Upgrade Program is not in the public interest and approval of the requested extension of this program is therefore denied. We note that, according to the Company's RIM score of 0.47 for this program, the costs to non-participants significantly exceed the system-wide benefits.<sup>42</sup> Furthermore, at a ratio of 1.02, the TRC Test for the Residential Heat Pump Upgrade Program does not significantly offset the low RIM score.<sup>43</sup> Additionally, a comparison of the NPV of the tests for this program also does not alter our finding. The NPV of the net *costs* to ratepayers under the RIM test in the amount of \$9,899,000 exceeds the NPV of the net *benefits* under each of the remaining three tests, including the Participant test.<sup>44</sup> We also note that the Company's going-forward cost/benefit ratios for the Residential Heat Pump Upgrade Program reflect reductions in the Utility Cost Test, TRC Test, and RIM Test ratios from the original filing in the 2011 DSM Proceeding.<sup>45</sup>

Lastly, we note that the actual cumulative participation, energy savings, and demand savings for the Phase II Residential Heat Pump Upgrade program for the years 2012 through 2015 were significantly less than the forecasted levels at the time of the Company's original filing in the 2011 DSM Proceeding. Cumulative participation through 2015 was only 20% of the original projected level of participation; cumulative energy savings was only 34% of the original projected level; and cumulative demand savings was only 35% of the original projected level.<sup>46</sup>

### Non-residential Distributed Generation Program

Based on the evidence in this case, the Commission finds that the Non-residential DG Program is in the public interest. Accordingly, we find that the Non-residential DG Program shall be continued through May 31, 2022, with a five-year cost cap of \$4,853,946.

<sup>37</sup> See Ex. 34 (Kesler Rebuttal), Rebuttal Schedule 2; Ex. 10 (Kesler Direct) at 9; Ex. 23 (Pratt Direct), Attachment No. BSP-1, page 3.

<sup>38</sup> See Ex. 10 (Kesler Direct) at 8.

<sup>39</sup> The RIM Test includes cross-subsidies between program participants and non-participants, which are not accounted for in the TRC Test. See Ex. 23 (Pratt Direct), Attachment No. BSP-1, page 4.

<sup>40</sup> Ex. 10 (Kesler Direct) at 11.

<sup>41</sup> The NPVs under the Utility, TRC, and Participant Tests are \$11,602,000, \$13,975,000, and \$112,676,000, respectively. Ex. 34 (Kesler Rebuttal), Rebuttal Schedule 2.

<sup>42</sup> See Ex. 34 (Kesler Rebuttal), Rebuttal Schedule 3, page 1.

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> Ex. 23 (Pratt Direct) at 16, Attachment No. BSP-6.

<sup>46</sup> Ex. 23 (Pratt Direct) at 15-16, Attachment No. BSP-5, page 6 of 12.

#### Phase V Small Business Improvement Program

During the course of this proceeding, Staff discovered that the Company is offering refrigeration measures as part of its Phase V Small Business Improvement Program ("SBI Program") that the Commission approved in the 2016 DSM Order. It is the Commission Staff's position that the SBI Program, as proposed in Case No. PUE-2015-00089, did not include refrigeration measures and the Commission's approval of the SBI Program did not encompass such measures.<sup>47</sup> After a review of the record we clarify that refrigeration measures will not be part of the SBI Program going forward.<sup>48</sup> We therefore find that the Company shall not recover any rebate amounts associated with refrigeration measures installed after the date of this order. This shall be reflected in future true-up factor computations for the associated time period.

#### Staff Audit Issues

We adopt Staff's recommendation that the Company conduct an internal audit of the controls surrounding incentive and rebate payments, with regard to each of the Company's DSM programs.<sup>49</sup> The Company shall provide to the Staff the audit report with supporting documentation, including a detailed description of how the audit findings have been addressed.

In addition, the Company shall continue to provide, with subsequent DSM filings, the following: (1) a description of the controls and procedures in place around rebate, incentive, and/or vendor payments for each of its approved DSM programs; (2) a discussion of any changes in these controls and procedures since the previous filing; and (3) a statement or other support for how the Company is ensuring these controls remain appropriate and are functioning correctly.

The Company also shall provide, in its next DSM filing, information outlining the fixed versus variable costs associated with each implementation vendor contract. We agree with Staff that this information will help the Commission to ensure that the Company's DSM programs are operated with sufficient price protections should the programs experience lower than anticipated participation.<sup>50</sup>

#### Riders C1A and C2A

As is noted above, we approve the Non-residential Prescriptive Program for a five-year period, subject to a cost cap of \$36.0 million. We also approve the continuation of the Non-residential DG Program for a five-year period through May 31, 2022, subject to a cost cap of \$4,853,946.<sup>51</sup>

For purposes of calculating the monthly true-up adjustment for calendar year 2015, an ROE of 10.0% shall be utilized. As we held in the April 14, 2017 Order, for purposes of calculating the projected cost recovery factor, an ROE of 9.4% shall be utilized and shall be effective July 1, 2017, which is the effective date for Riders C1A and C2A. Further, a December 31, 2015 ratemaking capital structure shall be used to calculate the revenue requirement.<sup>52</sup> Accordingly, we approve a Rate Year credit of \$225,887 for Rider C1A and a revenue requirement of \$28,190,093 for Rider C2A, for a total revenue requirement of \$27,964,206.<sup>53</sup> Finally, we approve the Company's proposed cost allocation and rate design.<sup>54</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition hereby is granted in part and denied in part as set forth herein.

(2) The Company forthwith shall file revised tariffs, designed to recover a Rate Year credit of \$225,887 for Rider C1A and revenue requirement of \$28,190,093 for Rider C2A, and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order.

<sup>47</sup> See Staff's Post-Hearing Brief at 12-14.

<sup>48</sup> See Tr. 275-76, 297-99, 303. In Case No. PUE-2012-00100, the Company requested approval of an administrative process whereby the Staff could approve limited modifications to the design of previously approved DSM programs outside of a formal proceeding, including the modification, removal or addition of measures. The Commission rejected the Company's proposal, stating that "[t]he proposed administrative process would require the Company to submit 'evidence' and 'proof,' which Staff would then use to determine whether to allow changes to DSM Programs previously approved by the Commission." We found that this "would afford too much discretion to Staff who alone would be asked to make final decisions on issues which are often in dispute and fully litigated in hearings..." such as "whether the energy and/or capacity savings of the program would increase or whether the costs or benefits would be reassigned from one customer group to another." *Petition of Virginia Electric and Power Company, For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2012-00100, 2013 S.C.C. Ann. Rept. 285, 288, Order (Apr. 19, 2013). We reiterate that the Company must obtain approval from the Commission prior to adding measures to previously approved DSM programs.

<sup>49</sup> Ex. 20 (Ellis Direct) at 25.

<sup>50</sup> *Id.* at 27.

<sup>51</sup> Attached to this Order is a chart showing all approved DSM programs to date, both current and expired.

<sup>52</sup> See Ex. 13 (Givens Direct) at 9-10.

<sup>53</sup> We approve a total revenue requirement of \$27,964,207 for Riders C1A and C2A for the Rate Year associated with the proposed Phase VI Non-residential Prescriptive Program, the Phase V program, Phase IV programs, the Phase III programs, the Phase II programs, the Electric Vehicle Pilot Program, the extended Non-residential DG Program, and the calendar year 2015 true-up of costs.

<sup>54</sup> See Ex. 15 (Stephens Direct) at 3-5; Ex. 23 (Pratt Direct) at 29-30.

(3) Riders C1A and C2A as approved herein shall become effective for usage on and after July 1, 2017.

(4) Consistent with § 56-585.1 A 5 of the Code, the Company shall file its application to continue Riders C1A and C2A no later than October 3, 2017.

(5) Consistent with the Commission's directive in Case No. PUE-2013-00072, the Company is directed to submit, with every DSM filing going forward, an exhibit similar to Exhibit 5 in Case No. PUE-2013-00072. The Company shall work with Staff in preparing this pre-filed exhibit, which shall, at a minimum, contain the same categories of information included in Exhibit 5 for all DSM programs proposed by the Company as of the date of each subsequent DSM filing.

(6) Dominion Energy Virginia shall continue to file its annual evaluation, measurement and verification reports.

(7) This matter is continued.

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. PUE-2016-00111  
JUNE 22, 2017**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement new, and to extend existing, demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

**ORDER ON RECONSIDERATION**

On October 3, 2016, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion Energy Virginia" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code"), the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>1</sup> of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,<sup>2</sup> the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs,<sup>3</sup> the directive contained in Ordering Paragraph (4) of the Commission's April 19, 2016 Final Order in Case No. PUE-2015-00089,<sup>4</sup> and the Commission's August 4, 2016 Order Granting Motion,<sup>5</sup> filed with the Commission its petition for approval to implement new demand-side management ("DSM") programs, for approval to extend existing DSM programs, and for approval of two updated rate adjustment clauses.

On June 1, 2017, the Commission issued a Final Order ("Order") in this docket. In the Order, the Commission discussed certain refrigeration measures being offered as part of the Company's Small Business Improvement ("SBI") Program that the Commission's Staff asserted had not been approved by the Commission.<sup>6</sup> Specifically, the Commission held that:

[a]fter a review of the record we clarify that refrigeration measures will not be part of the SBI Program going forward. We therefore find that the Company shall not recover any rebate amounts associated with refrigeration measures installed after the date of this order. This shall be reflected in future true-up factor computations for the associated time period."<sup>7</sup>

On June 21, 2017, the Company filed a Petition for Limited Reconsideration ("Petition") stating that, as of June 1, 2017, the Company had ceased offering refrigeration measures through its SBI Program but that there were 119 customers who had entered into agreements to purchase and install such measures, anticipating payment of a rebate in accordance with the SBI Program. For these customers, custom refrigeration measures had been ordered or were in some stage of fabrication as of June 1, 2017, the date of the Commission's Order. The Company noted that the aggregate rebate amount for these 119 customers' projects is approximately \$64,000. Dominion Energy Virginia requested: (i) that the 119 affected customers be allowed to receive rebates

<sup>1</sup> 20 VAC 5-201-10 *et seq.*

<sup>2</sup> 20 VAC 5-303-10 *et seq.*

<sup>3</sup> 20 VAC 5-304-10 *et seq.*

<sup>4</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, 2016 S.C.C Ann. Rept. 275, Final Order (Apr. 19, 2016).

<sup>5</sup> *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, Doc. Con. Cen. No. 160810154, Order Granting Motion (Aug. 4, 2016).

<sup>6</sup> Tr. at 167:14 – 168:16.

<sup>7</sup> Order at 13.

for installing their energy efficiency refrigeration equipment after June 1, 2017, and (ii) that the Company be allowed to obtain cost recovery at the appropriate time through Rider C2A for the approximately \$64,000 related to these rebates.<sup>8</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that, under the limited circumstances of this case, it is appropriate to allow the 119 customers described in the Company's Petition to receive their refrigeration measures and to allow the Company to recover the approximately \$64,000 associated with those rebates through Rider C2A at the appropriate time.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition for Limited Reconsideration is granted, and the Commission's June 1, 2017 Order is modified as discussed herein.
- (2) This matter is dismissed.

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<sup>8</sup> Petition at 4.

### CASE NO. PUE-2016-00112 JUNE 30, 2017

#### APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider BW, Brunswick County Power Station

#### FINAL ORDER

On October 3, 2016, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider BW ("Application"). Through its Application, the Company seeks to recover costs associated with the Brunswick County Power Station ("Brunswick County Power Station"), a 1,358 megawatt nominal natural gas-fired combined-cycle electric generating plant and associated transmission facilities located in Brunswick County, Virginia.<sup>1</sup>

In this proceeding, Dominion has asked the Commission to approve Rider BW for the rate year beginning September 1, 2017, and ending August 31, 2018 ("2017 Rate Year").<sup>2</sup> The two key components of the proposed total revenue requirement for the 2017 Rate Year to be recovered by Rider BW are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.<sup>3</sup> The Company requested a Projected Cost Recovery Factor revenue requirement of \$131,012,000 and an Actual Cost True-Up Factor revenue requirement of \$2,780,000.<sup>4</sup> Together, this represents a total revenue requirement of \$133,792,000 for service rendered during the 2017 Rate Year.

Dominion used an enhanced rate of return on common equity ("ROE") of 11.5% for purposes of calculating the Projected Cost Recovery Factor in this case. This ROE comprises a general ROE of 10.5%, plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in § 56-585.1 A 6 of the Code.<sup>5</sup> For purposes of calculating the Actual Cost True-Up Factor, including an accompanying correction to the 2014 calendar year Actual Cost True-Up Factor, the Company used an enhanced ROE of 11%, which comprises the general ROE of 10% approved by the Commission in its Final Order in Case No. PUE-2013-00020,<sup>6</sup> plus the 100 basis point enhanced return mandated by the Code.<sup>7</sup>

On October 31, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion to publish notice of its Application, and gave interested persons the opportunity to comment on, or participate in, the proceeding. In the Order for Notice and Hearing, the Commission also bifurcated all factual and legal issues related to ROE from the remainder of the case, found that the issues concerning ROE would be heard by the Commission, and appointed a Hearing Examiner to conduct all further proceedings on non-ROE issues. The Commission scheduled two evidentiary hearings: one hearing on the non-ROE issues and a separate hearing on the issues related to ROE.

Notices of participation were filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

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<sup>1</sup> Ex. 2 (Application) at 1.

<sup>2</sup> *Id.* at 13.

<sup>3</sup> *Id.* at 7.

<sup>4</sup> *Id.* at 8; Ex. 5 (Propst Direct) at 5-9.

<sup>5</sup> Ex. 2 (Application) at 6-7; Ex. 5 (Propst Direct) at 3.

<sup>6</sup> *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013).

<sup>7</sup> Ex. 2 (Application) at 7; Ex. 5 (Propst Direct) at 3.

On February 21, 2017, the Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff recommended a 2017 Rate Year revenue requirement of approximately \$123,196,000, which is approximately \$10,596,000 less than the Company's proposed Rider BW revenue requirement.<sup>8</sup> Staff recommended an Actual Cost True-Up Factor revenue requirement of \$2,741,000.<sup>9</sup> Staff recommended a Projected Cost Recovery Factor revenue requirement of \$120,455,000.<sup>10</sup> The differences between the Company's and Staff's revenue requirements are the result of Staff's use of a lower ROE for the purpose of calculating the Projected Cost Recovery Factor, an error correction recommended by Staff, and rounding differences.<sup>11</sup>

The Hearing Examiner convened a hearing, as scheduled, on March 21, 2017, related to non-ROE issues. No public witnesses appeared to testify at the hearing. Counsel for the Company, Staff, and Consumer Counsel attended this hearing. At the hearing, the Company stated that it agreed to the rounding differences and error corrections included in Staff's prefiled testimony.<sup>12</sup> Thus, the only contested issue herein is the proper ROE for Rider BW.

The Commission convened a hearing, as scheduled, on March 29, 2017, related to ROE issues. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel, and Staff participated at the hearing. During the hearing, the Commission admitted evidence and received argument on ROE issues from counsel.

By Order dated April 14, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the Projected Cost Recovery Factor for Rider BW. The Commission found that a 9.4% ROE is supported by the record in this case, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>13</sup> The Commission's April 14, 2017 Order further specified that with the addition of the 100 basis point enhanced return applicable to the Brunswick County Power Station as described in § 56-585.1 A 6 of the Code, this results in a total ROE for Rider BW of 10.4%.<sup>14</sup>

On April 19, 2017, the Hearing Examiner issued the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report" or "Report"). The Report incorporated the Commission's findings in its April 14, 2017 Order regarding ROE and presented findings and recommendations on the non-ROE issues in this proceeding. In his Report, the Hearing Examiner found:

(1) The Company's revenue requirement in this proceeding is \$127,120,000 comprised of a Projected Cost Recovery Factor of \$124,379,000 and an Actual Cost True-Up Factor of \$2,741,000;

(2) The reclassification of the DEQ civil charge is appropriate and should be approved;

(3) The Company's adjustment to remove the effects of Micron are proper and should be approved; and

(4) The proposed rate design and methodology for allocating the Rider BW revenue requirement among the rate classes is reasonable, and the new charges should be adjusted proportionately.<sup>15</sup>

On April 24, 2017, Dominion filed comments on the Hearing Examiner's Report agreeing with the findings in the Report and requesting the Commission to issue a final order adopting the findings and recommendations contained in the Report. No other participants filed comments on the Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds as follows:

For the 2017 Rate Year, the Rider BW Projected Cost Recovery Factor revenue requirement is \$124,379,000, the Actual Cost True-Up Factor revenue requirement is \$2,741,000, and the total revenue requirement is \$127,120,000. Our approval herein reflects the ROE for Rider BW that the Commission previously determined to be supported by the record and the Code.<sup>16</sup>

<sup>8</sup> Ex. 11 (Mangalam Direct) at 7.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 7-8. For example, Staff discovered in its audit of the Company's actual costs that a Department of Environmental Quality ("DEQ") charge was misclassified and included in the capital expenditures for Rider BW. Staff's recommendation also incorporated a base ROE of 8.75%. Ex. LTO-3 (Oliver Direct) at 4, 22.

<sup>12</sup> Tr. 5-6.

<sup>13</sup> *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, Case No. PUE-2016-00112, Doc. Con. Cen. No. 170430043, Order (April 14, 2017) at 7-8 ("April 14, 2017 Order").*

<sup>14</sup> *Id.* at 8.

<sup>15</sup> Hearing Examiner's Report at 10.

<sup>16</sup> Specifically, the approved revenue requirement herein is based on undisputed cost evidence in the record after incorporating the 9.4% ROE approved by the Commission in the April 14, 2017 Order.

Accordingly, IT IS ORDERED THAT:

(1) Rider BW, as approved herein, shall become effective for service rendered on and after September 1, 2017.<sup>17</sup>

(2) The Company forthwith shall file a revised Rider BW and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) On or before November 30, 2017, the Company shall file an application to revise Rider BW effective September 1, 2018.

(4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>17</sup> This Final Order's effective date is July 3, 2017.

### CASE NO. PUE-2016-00113 JUNE 30, 2017

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION VIRGINIA POWER

For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2017

#### FINAL ORDER

On October 3, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"),<sup>1</sup> pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update to the Company's rate adjustment clause, Rider US-2 ("Application"). Through its Application, the Company seeks to recover costs associated with three solar generation facilities: (i) the Scott Solar Facility, a 17-megawatt ("MW") (nominal alternating current ("AC")) facility located in Powhatan County; (ii) Whitehouse Solar Facility, a 20-MW AC facility located in Louisa County; and (iii) Woodland Solar Facility, a 19-MW AC facility located in Isle of Wight County (collectively, "2016 Solar Projects").<sup>2</sup>

In its Application, Dominion requested Commission approval of a revised Rider US-2 for the rate year beginning September 1, 2017, and ending August 31, 2018 ("2017 Rate Year").<sup>3</sup> For service rendered during the 2017 Rate Year, the Company's Application requested a total revenue requirement of \$10,276,000 calculated using a rate of return on common equity ("ROE") of 10.5%.<sup>4</sup>

On October 21, 2016, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the proceeding; and scheduled a public hearing on non-ROE aspects of the Company's Petition and a separate public hearing on the ROE issues in this case. The Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation in this proceeding.

On March 7, 2017, Commission Staff ("Staff") filed its testimony and exhibits on the Application. On March 21, 2017, the Company filed its rebuttal testimony.

The Commission held a public and evidentiary hearing on ROE issues on March 29, 2017. By Order issued April 14, 2017, the Commission approved a general ROE of 9.4% for purposes of calculating the 2017 Rate Year projected revenue requirement for Rider US-2. The Commission found this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.<sup>5</sup>

<sup>1</sup> The Company was formerly doing business as Dominion Virginia Power, but officially changed the name to "Virginia Electric and Power Company d/b/a Dominion Energy Virginia" on May 12, 2017.

<sup>2</sup> In 2016, the Commission approved Dominion's construction and operation of the 2016 Solar Projects and also approved a rate adjustment clause to recover costs associated with these three facilities. *Application of Virginia Electric and Power Company, For approval and certification for the proposed 2016 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00104, Doc. Con. Cen. No. 160650176, Final Order (June 30, 2016).

<sup>3</sup> Ex. 2 (Application) at 4.

<sup>4</sup> *Id.* at 7. Because rates for Rider US-2 did not go into effect until September 1, 2016, no Actual Cost True-Up Factor is included in this proceeding, and therefore the entire revenue requirement of \$10,276,000 consists of a Projected Cost Recovery Factor. *Id.*

<sup>5</sup> *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2017*, Case No. PUE-2016-00113, Doc. Con. Cen. No. 170430041, Order at 7-8 (Apr. 14, 2017) ("April 14, 2017 Order").

The Commission held a public and evidentiary hearing on non-ROE issues on April 4, 2017. Dominion, Consumer Counsel, and Staff participated in the hearing. No public witnesses appeared to testify at either hearing held in this proceeding.

On April 27, 2017, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report"), was issued. The Report presented findings and recommendations on the non-ROE issues in this proceeding. In his Report, the Senior Hearing Examiner found that the difference between Staff's and Dominion's overall Rider US-2 revenue requirement recommendations is attributable solely to ROE.<sup>6</sup> For the 2017 Rate Year, the Senior Hearing Examiner recommended an overall revenue requirement of \$9,580,846, calculated consistent with the amounts and methodologies agreed to by Dominion and Staff and the Commission's determination of the applicable ROE of 9.4%.<sup>7</sup>

On May 8, 2017, Dominion filed comments indicating that the Company supports the findings and recommendations contained in the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

For the 2017 Rate Year, the Rider US-2 total revenue requirement is \$9,580,846.<sup>8</sup> Our approval herein reflects the ROE for Rider US-2 that the Commission previously determined to be supported by the record and the Code.

Accordingly, IT IS ORDERED THAT:

(1) Rider US-2, as approved herein, shall become effective for service rendered on and after September 1, 2017.<sup>9</sup>

(2) The Company forthwith shall file a revised Rider US-2 and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) On October 3, 2017, the Company shall file an application to revise Rider US-2 effective September 1, 2018.

(4) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

<sup>6</sup> Hearing Examiner's Report at 12.

<sup>7</sup> *Id.*

<sup>8</sup> The approved revenue requirement herein is based on undisputed cost evidence in the record, after incorporating the 9.4% ROE approved by the Commission in the April 14, 2017 Order.

<sup>9</sup> This Final Order's effective date is July 3, 2017.

**CASE NO. PUE-2016-00115  
MARCH 23, 2017**

JOINT PETITION OF  
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY;  
ANGD, LLC; UTILITY PIPELINE HOLDING COMPANY, LLC; and UTILITY PIPELINE, LTD.

For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On September 26 and 28, 2016, Appalachian Natural Gas Distribution Company ("Distribution"), ANGD, LLC ("ANGD"), Utility Pipeline Holding Company, LLC ("UPLHC"), and Utility Pipeline, Ltd. ("UPL") (collectively, "Petitioners") filed with the State Corporation Commission ("Commission") a joint petition seeking approval for a corporate restructuring ("Restructure" or "Transfer") of Distribution's parent company, UPL ("Joint Petition").<sup>1</sup> The Petitioners seek approval pursuant to the Utility Transfers Act<sup>2</sup> in Title 56 of the Code of Virginia ("Code"), which provides, in part, that "[n]o person, . . . shall, directly or indirectly, acquire or dispose of control of: . . . [a] public utility within the meaning of this chapter, or all of the assets thereof, without the prior approval of the Commission."<sup>3</sup>

On August 17, 2016, the Petitioners entered into an Agreement and Plan of Merger in which a third party, UPLHC, will acquire all of UPL's outstanding membership interests for cash through a reverse subsidiary merger of UPL Merger Sub, LLC with and into UPL. UPL will be the surviving company following the merger, wholly owned by UPLHC.<sup>4</sup>

<sup>1</sup> The Petitioners filed public and confidential versions of the Joint Petition. The Petitioners simultaneously filed a Motion for Entry of a Protective Order.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> Code § 56-88.1 A 1.

<sup>4</sup> Application at 4.



The Petitioners state that if the Restructure is approved, UPLHC would own 100% of UPL with Distribution continuing as an indirect, wholly owned subsidiary. Distribution would continue to own all the gas utility assets it currently owns and would continue to operate the existing gas utility business it currently operates. The Petitioners further state that there would be no change in Distribution's management, operational personnel, or customer service functions as a result of this change in ownership.<sup>5</sup>

The Petitioners submit that the Restructure will neither impair nor jeopardize Distribution's provision of adequate service to the public at just and reasonable rates; that Distribution will continue to maintain its Commission-authorized tariffs; and that it will fully honor all contractual obligations as well as its obligations to customers and regulatory authorities.<sup>6</sup> In addition, the Petitioners represent that the Restructure will not impair or in any way diminish Distribution's ability to provide safe, continuous and adequate natural gas service to its Virginia customers.<sup>7</sup>

On October 19, 2016, the Commission issued an Order for Notice and Comment that, among other things, directed the Petitioners to provide notice to the public of the Joint Petition; provided interested persons an opportunity to file comments or request a hearing; and directed the Staff of the Commission ("Staff") to conduct an investigation of the Joint Petition and present its findings and recommendations in a report ("Staff Report").

On February 17, 2017, the Staff filed its Staff Report on the Joint Petition in which it stated that the proposed Restructure is actually a transfer of control due to the proposed transfer of control of UPL and its subsidiaries, including Distribution, from its current owners to a new holding company, UPLHC.<sup>8</sup> Staff further concluded that the proposed transfer does not appear to impair or jeopardize Distribution's provision of adequate service to the public at just and reasonable rates and, therefore, Staff recommends that the Transfer be approved.<sup>9</sup> The Staff Report also contained a number of requirements Staff considers necessary to protect the public interest.<sup>10</sup>

On March 2, 2017, the Petitioners filed their Response to the Staff Report in which they state their acceptance of Staff's recommendation and the requirements contained in the Staff Report.<sup>11</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-88.1 of the Code, the Transfer proposed in the Joint Petition is hereby approved subject to the requirements set forth in the Appendix attached to this Order.
- (2) This matter is hereby dismissed.

#### APPENDIX

1. The Commission's approval has no ratemaking implications. In particular, it does not guarantee the recovery of any costs directly or indirectly related to the Transfer.

2. Within ninety (90) days of completing the proposed Transfer, the Petitioners shall file a report of action ("Report") with the Commission. This Report shall include the effective date of the Transfer and the actual accounting entries made by UPLHC, UPL, ANGD, Distribution, and Bluefield on their books to record the Transaction. Distribution's accounting entries shall be in accordance with the Uniform System of Accounts ("USOA") for natural gas utilities.

3. The Petitioners shall track all changes in the original booked Transfer amounts as they are expensed, depreciated, amortized, written down, etc. over time, and such information shall be included annually in Distribution's AIF or base rate case application filed with the Commission.

4. Distribution's plant assets shall remain booked at original cost, and any fair value write-up of plant assets on Distribution's books shall be reflected in Account 114 as an acquisition adjustment.

5. The UAF Director shall be notified of UPL's tax election for the proposed Transfer as soon as it becomes effective.

6. Distribution shall file for Chapter 4 approval of any new consolidated tax agreement that includes UPLHC, UPL, and its affiliates, including Distribution, within 120 days of the Transfer closing date.

7. The Petitioners shall provide verifiable evidence that Mr. Ebert's employment agreement has not changed or, alternatively, file for Affiliates Act approval of Mr. Ebert's new employment agreement within 120 days of the Transfer closing date.

<sup>5</sup> *Id.* at 4-5.

<sup>6</sup> *Id.* at 5.

<sup>7</sup> *Id.* at 5.

<sup>8</sup> Staff Report at 2.

<sup>9</sup> *Id.* at 9.

<sup>10</sup> See Appendix to Staff Report.

<sup>11</sup> Response to Staff Report at 1.

8. The Petitioners shall obtain Chapter 3 and/or Chapter 4 approval prior to entering into any of the arrangements described herein.

9. Distribution shall be required to retain title, ownership, and management of all natural gas commodity, capacity, and storage contracts necessary to ensure the provision of reliable gas service at the least cost possible to Virginia customers.

10. Any affiliate employee that provides construction- or maintenance-related service to Distribution shall be qualified in accordance with the Virginia Enhanced Operator Qualifications for the service provided.

11. Petitioners are directed that:

- a. The quality of service in Distribution's service territory shall not deteriorate due to a lack of maintenance or capital investment;
- b. The quality of service in Distribution's service territory shall not deteriorate due to a reduction in the number of employees providing service; and
- c. Distribution shall maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Distribution's timely response to Staff inquiries with regard to its provision of natural gas distribution service in Virginia.

**CASE NO. PUE-2016-00120  
FEBRUARY 1, 2017**

JOINT PETITION OF  
APPALACHIAN POWER COMPANY  
and  
EAGLE CREEK REUSENS HYDRO, LLC

For approval of the transfer of generating facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*, and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On October 6, 2016, Appalachian Power Company ("APCo" or "Company") and Eagle Creek Reusens Hydro, LLC ("Eagle Creek") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,<sup>1</sup> seeking approval for the disposition by APCo and the acquisition by Eagle Creek of the Reusens hydroelectric power project, including associated interconnection facilities and real estate, located in Virginia ("Hydro Facility") ("Proposed Transfer"). Eagle Creek also requested that the Commission issue a certificate of public convenience and necessity ("Certificate") pursuant to the Utility Facilities Act<sup>2</sup> authorizing its acquisition and operation of the Hydro Facility.

According to the Petition, APCo proposes to sell to Eagle Creek the 12.5 megawatt ("MW") Hydro Facility, consisting of five 2.5 MW units, located on the James River in Amherst and Bedford Counties and the City of Lynchburg, Virginia.<sup>3</sup>

The Petitioners represent that the units at the Hydro Facility were taken out of service over the last few years due to a variety of equipment failures. APCo elected not to refurbish or replace the Hydro Facility because less costly options were available to provide replacement energy to its customers.<sup>4</sup> The Petitioners further represent that Eagle Creek intends to refurbish and return the Hydro Facility to operation once it becomes the owner of the Hydro Facility.<sup>5</sup>

The Petitioners assert that Eagle Creek intends to dispatch the Hydro Facility into the wholesale energy markets of PJM Interconnection, L.L.C.<sup>6</sup> The Petitioners state that "[u]nder the control of Eagle Creek, the Hydro Facility will contribute wholesale energy to the Mid-Atlantic grid that is generated safely, reliably and from renewable resources."<sup>7</sup> The Petitioners further state that the Proposed Transfer "will not affect [APCo]'s provision of electric service to its customers, as they will continue to be served by other assets in the Company's generation portfolio."<sup>8</sup>

<sup>1</sup> Code § 56-88 *et seq.*

<sup>2</sup> Code § 56-265.1 *et seq.*

<sup>3</sup> Petition at 2.

<sup>4</sup> *Id.* at 2-3.

<sup>5</sup> *Id.* at 3.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *Id.*

The Petitioners represent that the net proceeds from the sale of the Hydro Facility will serve to reduce APCo's rate base.<sup>9</sup> The Petitioners also state that "[t]he costs of the Hydro Facility will not be included in the base rates of any utilities whose rates are regulated by the Commission, and accordingly the acquisition and operation by Eagle Creek has no foreseeable impact on Virginia retail rates."<sup>10</sup>

The Petitioners assert that the Proposed Transfer satisfies the requirements of the Utility Facilities Act as it: (i) will have no adverse effect on the reliability of electric service provided by any regulated public utility; (ii) will have no adverse impact on the goals of furthering economic competition; (iii) will have no adverse base rate or fuel impact; (iv) will result in no change in the facility's current environmental impact; (v) will have no effect on the level of local and regional economic activity; and (vi) is consistent with the public interest.<sup>11</sup>

On October 28, 2016, the Commission issued an Order for Notice and Comment in this proceeding which, among other things, provided interested persons an opportunity to comment or request a hearing on the Petition; directed the Commission's Staff ("Staff") to analyze the Petition and present its findings in a report ("Staff Report"); and provided an opportunity for the Petitioners to file a response to the Staff Report. No one filed comments or requested a hearing on the Petition.

On December 20, 2016, the Staff filed its Staff Report. The Staff recommended that the Commission approve the Proposed Transfer subject to certain requirements, as it appears the Proposed Transfer will not impair or jeopardize adequate service to the public at just and reasonable rates. In addition, the Staff recommended approval of the issuance of a Certificate to Eagle Creek as it appears the Proposed Transfer: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth of Virginia; (ii) will have no material adverse effect upon the reliability of electric service provided by such regulated public utility; and (iii) is not otherwise contrary to the public interest. Finally, the Staff stated that, on advice of counsel, it believes that Eagle Creek's dispatch of the Hydro Facility's entire output into the PJM wholesale energy markets appears to satisfy the statutory requirements for exemption from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code of Virginia ("Code").<sup>12</sup>

On January 3, 2017, the Petitioners filed a letter notifying the Commission that they would not file comments on the Staff Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Proposed Transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted. We further find that Eagle Creek should be issued a Certificate to acquire and operate the Hydro Facility. We find that the issuance of such a Certificate: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth of Virginia; (ii) will have no material adverse effect upon the reliability of electric service provided by such regulated public utility; and (iii) is not otherwise contrary to the public interest. Once Eagle Creek files the appropriate United States Geological Survey ("USGS") maps with the Division of Public Utility Regulation ("Division"), the Certificate authorized herein should be issued to Eagle Creek. Finally, as noted by the Staff, if Eagle Creek dispatches the Hydro Facility's entire output into the PJM wholesale energy market, it will satisfy the statutory requirements for exemption from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code.<sup>13</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein subject to the requirements set forth in the Appendix to this Final Order.

(2) The Commission, having found that the public convenience and the necessity require the acquisition and operation by Eagle Creek of the Hydro Facility, hereby grants Eagle Creek a Certificate therefor pursuant to the Utility Facilities Act.

(3) Upon Eagle Creek's filing the appropriate USGS topographical maps detailing the location of the Hydro Facility with the Division, the Division shall issue Certificate No. EG-210 to Eagle Creek to acquire and operate the Hydro Facility.

(4) Eagle Creek's dispatch of the Hydro Facility's entire output into the PJM wholesale energy market shall be exempt from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code.

(5) This case is dismissed.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 6.

<sup>11</sup> *Id.* at 5.

<sup>12</sup> Code § 56-232 *et seq.*

<sup>13</sup> See Staff Report at 7. The Commission does not grant any other requested exemption under Title 56 of the Code. In requesting certain exemptions from Chapters 1, 3, and 4 of Title 56, the Petitioners inform this Commission that "[t]he Commission has previously considered and ruled on similar requests for waiver of retail regulatory requirements." Petition at 4 n.2 (emphasis added). In support thereof, the Petitioners cite "*Application of Commonwealth Chesapeake Corporation*, Case No. PUE-1996-00224 (July 10, 1998)." *Id.* The Commission notes, however, that this cite is to a Hearing Examiner's Report, which did *not* recommend exemptions from Chapters 1, 3, and 4 of Title 56. Furthermore, the Commission's Final Order in the case cited by Petitioners likewise did not grant the additional exemptions. *Application of Commonwealth Chesapeake Corporation, For approval of expenditures for new generation facilities pursuant to Va. Code § 56-234.3 and for a certificate of public convenience and necessity pursuant to Va. Code § 56-265.2*, Case No. PUE-1996-00224, 1998 S.C.C. Ann. Rept. 335 (Aug. 5, 1998).

## APPENDIX

(1) The Commission's Utility Transfers Act approval shall have no ratemaking implications. In particular, it shall not guarantee the recovery of any costs directly or indirectly related to the Transfer.

(2) Within sixty (60) days of completing the Transfer, APCo shall file a report of action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include: (1) the effective date of the Transfer; (2) an executed copy of the Asset Purchase Agreement; (3) the actual accounting entries on APCo's books to record the Transfer; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Transfer. The Transfer accounting entries should be in accordance with the Uniform System of Accounts ("USOA") for electric utilities.

(3) APCo shall retain a copy of all Transfer records utilized at closing, including any source documentation supporting the original cost of the Hydro Facility, and henceforth should be directed to maintain them in accordance with the USOA.

(4) The authority granted herein shall not be deemed to include any authorizations other than the authority to dispose of and acquire the Hydro Facility pursuant to the Transfers Act and the granting of the Certificate to acquire and operate the Hydro Facility pursuant to the Utility Facilities Act.

**CASE NO. PUE-2016-00121  
JANUARY 10, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On October 13, 2016, Virginia Natural Gas, Inc. ("VNG") and AGL Services Company ("AGSC") (collectively, "Applicants") filed with the State Corporation Commission ("Commission") an application ("Application") for one modification to the currently operative services agreement under which AGSC provides administrative, management, and other centralized shared services ("Centralized Services") to VNG ("Revised Agreement").<sup>1</sup> Specifically, the Applicants seek authorization for Georgia Power Company ("Georgia Power"), as a regulated affiliate of VNG, to assist AGSC in the provision of Rates and Regulatory and Financial Centralized Services to VNG ("Affiliated Third Party Services").<sup>2</sup> The Applicants filed the Application pursuant to the Affiliates Act and Requirement (6) in the Appendix of the June 29, 2016 Order Granting Approval issued by the Commission in Case No. PUE-2016-00055.<sup>3</sup> In conjunction with their Application, the Applicants filed their Motion of Virginia Natural Gas, Inc. and AGL Services Company for Interim Authority to Operate under the Revised Services Agreement, and for Expedited Consideration ("Motion"). In the Motion, the Applicants represented that the requested services are required immediately by VNG to prepare for its base rate application in early 2017 ("2017 Rate Case"). On October 26, 2016, the Commission issued an order granting the Motion.

In the Application, the Applicants represent that the Georgia Power employees will assist VNG in activities such as revenue requirement calculation development, review and analysis for the 2017 Rate Case, and for other such regulatory filings. The individuals who will provide the Affiliated Third Party Services are long-term Georgia Power employees with experience in several rate case proceedings and interim rate filings on behalf of Georgia Power before the Georgia Public Service Commission. The Applicants represent that while the Georgia Power employees have worked specifically on electric utility rate cases, the unique skillsets developed should transfer well to natural gas base rate proceedings and other regulatory filings that rely on financial and accounting information.<sup>4</sup> The Applicants also represent that the Georgia Power employees will require less training than the alternative of hiring new full-time employees or outside consultants. Finally, the Applicants assert that the Georgia Power employees will have an institutional knowledge of the Southern system of companies, which can facilitate VNG and AGSC in preparing the 2017 Rate Case. The Applicants represent that the Georgia Power employees will be based in Atlanta and are expected to remain in Atlanta, barring any extenuating circumstances.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

<sup>1</sup> Application at 1.

<sup>2</sup> *Id.* at 1-2. AGL Resources, Inc. and The Southern Company ("Southern") merged on July 1, 2016. The Commission approved this merger by, Final Order in Case No. PUE-2015-00113. See *Joint Petition of The Southern Company, AGL Resources Inc., and Virginia Natural Gas, Inc., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00113, Doc. Con. Cen. No. 160240157, Final Order (Feb. 23, 2016). Pursuant to this merger, Georgia Power, as a wholly owned subsidiary of Southern, and VNG, as a direct subsidiary of AGL Resources Inc. (now known as Southern Company Gas), became affiliated interests as defined by the Affiliates Act, Chapter 4 of Title 56 of the Code of Virginia ("Code"), § 56-76 *et seq.*

<sup>3</sup> *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amended and restated services agreement pursuant to the Affiliates Act, Va. Code. § 56-76 et seq.*, Case No. PUE-2016-00055, Doc. Con. Cen. No. 160650067, Order Granting Approval (June 29, 2016).

<sup>4</sup> Application at 9.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-76 of the Code, the Applicants hereby are granted approval of the Application as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

1. The Commission's approval in this case shall supplement the approvals previously granted in Case Nos. PUE-2015-00079 and PUE-2016-00055.

2. The Commission's approval of the Revised Agreement shall extend through October 9, 2020. Should the Applicants wish to continue under the Revised Agreement beyond that date, separate Commission approval shall be required.

3. The Commission's approval in this case shall be limited to Georgia Power (the "Affiliated Third Party"), and the Affiliated Third Party Services specifically described in the Revised Agreement. If VNG wishes to add another Affiliated Third Party or an Affiliated Third Party Service that is not specifically identified in the Revised Agreement, separate Commission approval shall be required.

4. Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement, including changes in Centralized Services provided, allocation methodologies, and successors and assigns.

5. The approval granted in this case shall not have any ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Revised Agreement.

6. VNG shall be required to maintain records to demonstrate that the Affiliated Third Party Services provided by Georgia Power through AGSC to VNG are cost-beneficial to Virginia customers. For any Affiliated Third Party Services provided by Georgia Power through AGSC to VNG where a market may exist, VNG shall investigate whether alternative service providers are available and, if they exist, VNG shall compare the market price to VNG's costs and pay AGSC the lower of cost or market. VNG shall bear the burden, in any rate proceeding, of demonstrating that the Affiliated Third Party Services provided by Georgia Power through AGSC to VNG under the Agreement were priced at the lower of cost or market where a market exists.

7. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 58-80 of the Code hereafter.

8. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

9. All transactions associated with the Revised Agreement shall be included in VNG's Annual Report of Affiliate Transactions submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director, and shall include the following information:

- (a) The most recent case number under which the Revised Agreement was approved;
- (b) The name and type of activity performed by each affiliate under the Revised Agreement; and
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior calendar year's transactions by month, type of Service, FERC account, and dollar amount.

10. In the event that VNG's annual informational filings or expedited or rate case filings are not based on a calendar year, then VNG shall include the affiliate information contained in its ARAT for the test period in such filings.

11. VNG shall file with the Commission a signed and executed copy of the Revised Agreement within ninety (90) days of the effective date of the order in this case, subject to administrative extension by the UAF Director.

### **CASE NO. PUE-2016-00125 JANUARY 17, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
THE SOUTHERN COMPANY

For approval to enter into a tax allocation agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

#### **ORDER GRANTING APPROVAL**

On October 26, 2016, Virginia Natural Gas, Inc. ("VNG"), and The Southern Company ("Southern") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup>

<sup>1</sup> Code § 56-76 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Ordering Paragraph (3) of the December 27, 2005 Order Granting Approval issued in Case No. PUE-2005-00097,<sup>2</sup> and Requirement (5) of the Appendix to the February 23, 2016 Final Order issued in Case No. PUE-2015-00113,<sup>3</sup> requesting approval for VNG to enter into an income tax allocation agreement (collectively with all amendments, the "Tax Agreement") with Southern.

The proposed Tax Agreement was initially executed on December 29, 1981, and has subsequently been amended 123 times, primarily to add new Southern affiliates. The Tax Agreement contains two major amendments. On April 19, 1988, the Tax Agreement was amended to reflect changes in the apportionment of corporate tax credits. On December 15, 2005, the Tax Agreement was amended: (1) to reflect current provisions of the Internal Revenue Code ("IRC"); (2) to provide for the allocation of consolidated tax and corporate tax credits to Southern Company Services; (3) to eliminate a provision that would reallocate certain corporate tax credits to Southern and Southern Company Services; and (4) to provide for the allocation of the alternative minimum tax as defined by the IRC. The proposed Tax Agreement has 89 members<sup>4</sup> and will be effective for all taxable years ending on or after July 1, 2016.

The Tax Agreement provides that the aggregate tax liability (after investment tax credits) allocated to Southern's subsidiaries, including VNG, will not exceed the separate return tax liability of the subsidiaries. The Applicants further represent that the practical effect of the Tax Agreement is that a portion of Southern's consolidated tax benefits are allocated to its subsidiaries with positive taxable income, such as VNG.

NOW THE COMMISSION, upon consideration of this matter and having considered the Applicants' comments regarding the Commission Staff's draft action brief and having been advised by its Staff, is of the opinion and finds that Tax Agreement is in the public interest and should be approved subject to certain requirements outlined in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the proposed Tax Agreement is approved subject to the requirements outlined in the Appendix attached hereto.
- (2) This case is dismissed.

## APPENDIX

1. The Commission's approval of the Tax Agreement shall extend for five (5) years from the effective date of the Order in this case. If the Applicants wish to continue the Tax Agreement beyond that date, separate Commission approval shall be required.

2. The Tax Agreement shall be modified by an amendment memorializing that the allocation of state income tax liabilities among the Members is performed according to the same allocation principles applicable to federal income tax liabilities. Additionally, the Applicants will submit to the Commission's Division of Utility Accounting and Finance ("UAF"), in accordance with Requirement (8), a narrative describing the allocation of state income tax liabilities and how the allocation of such liabilities is applied to VNG.

3. VNG shall develop tax schedules reconciling VNG's total and Virginia jurisdictional federal and state current income tax expense, federal and state deferred income tax expense, and individual accumulated deferred federal and state income tax assets and liabilities, between amounts computed on a standalone basis and on a per books basis as of the end of the test period, as required in Schedule 36 of the Commission's Rate Case Rules, to be submitted to UAF on an annual basis as a companion document when VNG files an Annual Informational Filing or base rate application for a period of five (5) years following the effective date of the Order in this case.

4. The Commission's approval shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the Tax Agreement.

5. Separate approval shall be required for any changes in the terms and conditions of the Tax Agreement.

6. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

7. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

8. The Applicants shall file an executed copy of the Tax Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

<sup>2</sup> *Application of Virginia Natural Gas, Inc., and AGL Resources Inc., For exemption of a tax allocation agreement from the filing and prior approval requirements of the Affiliates Act pursuant to § 56-77.B of the Code of Virginia, or in the alternative, approval to enter into such agreement pursuant to § 56-77 of the Code of Virginia*, Case No. PUE-2005-00097, 2005 S.C.C. Ann. Rept. 488, Order Granting Approval (Dec. 27, 2005).

<sup>3</sup> *Joint Petition of The Southern Company, AGL Resources Inc., and Virginia Natural Gas, Inc., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00113, Doc. Con. Cen. No. 160240157, Final Order (Feb. 23, 2016). On July 1, 2016, Southern completed its Merger with AGLR Resources Inc. and became the ultimate parent of VNG. AGLR Resources Inc. subsequently was renamed Southern Company Gas.

<sup>4</sup> Applicants' Response to Staff Data Request No. 2.

**CASE NO. PUE-2016-00129  
APRIL 20, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.,

For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate

**ORDER AMENDING AUTHORITY GRANTED**

By Order Granting Authority dated December 20, 2016 ("December Order"), the State Corporation Commission ("Commission") authorized Columbia Gas of Virginia, Inc. ("Company") to engage in affiliate financing transactions pursuant to Chapters 3<sup>1</sup> and 4<sup>2</sup> of Title 56 of the Code of Virginia ("Code") under the terms and conditions and for the purposes set forth in the Company's application filed on October 31, 2016 ("Application"). All authority in the December Order was granted up to the limits, under the terms and conditions, and for the purposes set forth in the Application and subject to the requirements set forth in the December Order. In pertinent part, the Company was authorized to continue to participate, as a borrower only, in the NiSource System Money Pool ("Money Pool") under the NiSource System Money Pool Agreement ("Agreement") for the period January 1, 2017, through December 31, 2018.

On March 27, 2017, the Company filed a petition ("Petition") to request that the authority granted in the December Order be amended to allow for a change of a participant in the Money Pool under the Agreement. Such authority is requested to comply with the requirements of the December Order. Specifically, NiSource Corporate Group, Inc. ("NCG") is an existing and authorized Money Pool participant, which intends to convert from a corporation to a single member limited liability company ("LLC") for tax benefit purposes. Authority is requested for the new LLC entity to replace NCG as a participating member of the Money Pool under its new name that will presumably be NiSource Corporate Group, LLC. The Company represents that there will be no other changes to the terms and conditions of the Agreement as a result of the noted business entity conversion.

NOW THE COMMISSION, upon consideration of the Company's Petition, and being advised that its Staff has no objection, is of the opinion and finds that approval of the amended authority requested will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) The authority granted by the December Order is hereby amended to authorize the replacement of NCG with the LLC business entity it will become after it is restructured.
- (2) Except as modified herein, all remaining provisions of the December Order shall remain in full force and effect.
- (3) This matter is continued subject to the continuing review, audit and appropriate directive of the Commission.

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<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> Code § 56-76 *et seq.*

**CASE NO. PUE-2016-00129  
SEPTEMBER 25, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.,

For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate

**ORDER FURTHER AMENDING AUTHORITY GRANTED**

On December 20, 2016, the State Corporation Commission ("Commission") authorized<sup>1</sup> Columbia Gas of Virginia, Inc. ("CVA" or "Company"), to engage in affiliate financing transactions pursuant to Chapters 3<sup>2</sup> and 4<sup>3</sup> of Title 56 of the Code of Virginia under the terms and conditions and for the purposes set forth in the Company's application filed on October 30, 2016. The approval was granted subject to the requirements set forth in the Appendix to the December Order.

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<sup>1</sup> *Application of Columbia Gas of Virginia, Inc., For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate*, Case No. PUE-2016-00129, 2016 S.C.C. Ann. Rept. 469, Order Granting Authority (Dec. 20, 2016) ("December Order").

<sup>2</sup> Code § 56-55 *et seq.*

<sup>3</sup> Code § 56-76 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On March 27, 2017, the Company filed a petition to request that the authority granted in the December Order be amended to allow for the change of a participant in the intrasystem money pool ("Money Pool") under the Money Pool agreement. On April 20, 2017, the Commission authorized the requested change in the specified Money Pool participant to reflect a conversion of its status from a corporation to a limited liability company.<sup>4</sup>

On August 15, 2017, the Company filed another petition ("August Petition") to further amend the authority granted in this case to accommodate changes related to the merger of NiSource Finance Corporation ("NFC") into NiSource Inc. ("NiSource") and NFC's subsequent dissolution. Such amended authority would permit assignment, by merger and operation of law, of CVA's existing Notes from NFC to NiSource as Promisee, and permit amendment of the format of the Notes to reflect NiSource as Promisee for purposes of any future issuances. In addition to the specified changes to the Money Pool agreement and the removal of specified parties to such agreement, CVA's petition requested further amendments to the authority granted to permit future revisions to the participating members of the Money Pool without prior Commission approval, subject to timely notification thereof.

NOW THE COMMISSION, upon consideration of the Company's August Petition, and being advised by its Staff, is of the opinion and finds that approval of CVA's request for amended authority as modified herein will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) The authority granted by the Commission's December Order hereby is further amended pursuant to the modifications requested in CVA's August Petition, except as modified below in Ordering Paragraph 2.

(2) Requirement 3 in the Appendix attached to the Commission's December Order is hereby superseded to authorize CVA to make changes only in the name of the existing participating members of the Money Pool without prior approval and to report such changes in the quarterly report after such change. Commission approval shall be required for any subsequent changes in the number of participating members or other terms and conditions of the Money Pool.

(3) Except as modified herein, all remaining provisions of our December and April Orders shall remain in full force and effect.

(4) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

<sup>4</sup> *Application of Columbia Gas of Virginia, Inc., For authority to issue long-term debt and to participate in an intrasystem money pool arrangement with an affiliate*, Case No. PUE-2016-00129, Doc. Con. Cen. No. 170430197, Order Amending Authority Granted (Apr. 20, 2017) ("April Order").

**CASE NO. PUE-2016-00135  
JUNE 6, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY d/b/a DOMINION ENERGY VIRGINIA

For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On December 1, 2016, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company")<sup>1</sup> filed with the State Corporation Commission ("Commission") an Application for approval and for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Charles City and Prince George Counties, Virginia. Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

The Company proposes to rebuild, within the existing right-of-way, an approximately 0.99 mile portion of its existing 500 kilovolt Chickahominy-Surry Line #567 ("Line #567"), where the transmission line crosses the James River between Charles City County and Prince George County.<sup>2</sup> The portion of Line #567 that the Company proposes to rebuild includes an approximately 0.79 mile river crossing, with the remaining 0.2 mile of the rebuild project on the riverbanks ("Project" or "Rebuild Project").<sup>3</sup>

On December 15, 2016, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review. On February 9, 2017, DEQ filed its report ("DEQ Report") with the Commission, which included a Wetlands Impact Consultation prepared by DEQ.<sup>4</sup> The DEQ Report provides general recommendations for the

<sup>1</sup> Effective May 12, 2017, the trade name of Virginia Electric and Power Company changed from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> Line #567 extends from the Surry Substation in Surry County to the Chickahominy Substation in Charles City County.

<sup>3</sup> Ex. 2 (Appendix) at 16.

<sup>4</sup> Ex. 6.



Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the [P]roject area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation [("DCR")] for updates to the Biotics Data System database (if the scope of the [P]roject changes or six months passes before the [P]roject is implemented);
- Coordinate with [DCR] on measures to minimize impacts to the scenic qualities of the river;
- Coordinate with the National Marine Fisheries Service regarding potential Project impacts to the Atlantic sturgeon, the U.S. Fish and Wildlife Service regarding the Bald Eagle Concentration Zone, and the Department of Game and Inland Fisheries regarding its general recommendations to protect wildlife resources;
- Coordinate with the Department of Historic Resources regarding recommendations to conduct a comprehensive archaeological survey to evaluate identified resources for listing in the Virginia Landmarks Register [("VLR")] and National Register of Historic Places [("NRHP")]; and to avoid, minimize, or mitigate for adverse impacts to VLR- and NRHP-eligible resources;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>5</sup>

On March 14, 2017, Staff filed its testimony and exhibits summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion had reasonably demonstrated the need for the proposed Project and that the proposed routing in existing right-of-way reasonably minimizes impact to environmental, historic, and scenic resources.<sup>6</sup> Staff also indicated that if the Commission determines that the Company should mitigate the visual impact of the galvanized steel replacement structures for the Rebuild Project, chemical dulling of the structures may be a reasonable and cost-effective method for doing so.<sup>7</sup>

On March 23, 2017, the Company filed a motion requesting that the Hearing Examiner reschedule the start of the evidentiary hearing and extend the time for filing the Company's rebuttal testimony. On March 23, 2017, the Hearing Examiner entered a Ruling that granted the Company's requested extension for filing rebuttal testimony and rescheduled the hearing to May 3, 2017, while maintaining the original hearing date for the purpose of receiving any public witness testimony.<sup>8</sup>

On March 30, 2017, Dominion filed rebuttal testimony which, among other things, stated that the Company generally agrees with Staff's overall observations and conclusions;<sup>9</sup> explained why, during the course of this proceeding, Dominion's estimated cost of the Rebuild Project increased from approximately \$10.9 million to \$36.7 million;<sup>10</sup> requested that the Commission not require the use of chemically dulled structures for the Rebuild Project;<sup>11</sup> addressed the Company's prior and future outreach activities to the landowners in the vicinity of the Rebuild Project;<sup>12</sup> and addressed the recommendations contained in the DEQ Report.<sup>13</sup>

On April 18, 2017, Staff and the Company jointly filed a motion ("Joint Motion") requesting supplementation of their pre-filed testimonies to include two filings from Case No. PUE-2016-00020 which address alternative transmission structure finishes. The Joint Motion was granted on April 20, 2017.

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<sup>5</sup> *Id.* at 6-7 (internal citations omitted).

<sup>6</sup> Ex. 7 (Staff Report) at 22. Staff attached to its testimony a report on the Project.

<sup>7</sup> *Id.*

<sup>8</sup> One public witness testified on the original hearing date of March 30, 2017. Tr. 4-11.

<sup>9</sup> Ex. 12 (Harmeling Rebuttal) at 3.

<sup>10</sup> *Id.* at 7-10; Ex. 13 (Allen Rebuttal) at 5. *See also* Tr. 115-16 (Schuelke).

<sup>11</sup> Ex. 15 (Smith Rebuttal) at 15.

<sup>12</sup> Ex. 14 (Faison Rebuttal) at 2-7.

<sup>13</sup> *Id.* at 9-10.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On May 3, 2017, a hearing was convened in which Dominion and Staff introduced evidence into the record.<sup>14</sup> Witnesses for Dominion and Staff, among other things, addressed the issue of chemical dulling<sup>15</sup> and presented a proposed format for the Company to report annually to Staff on estimated and actual transmission project costs.<sup>16</sup> Additionally, a public witness testified at the hearing, and public comments were also received during the course of this proceeding.<sup>17</sup>

The Report of Glen P. Richardson, Hearing Examiner ("Report") was entered on May 22, 2017. In his Report, the Hearing Examiner found that:

- (1) The proposed Rebuild Project is needed so the Company can replace aging transmission line infrastructure and continue providing reasonably adequate electric service to its customers;
- (2) The proposed Rebuild Project reasonably minimizes impact on the environment, scenic assets, and historic resources;
- (3) The proposed Rebuild Project will be located entirely within the Company's existing right-of-way;
- (4) There are no adverse environmental impacts that would preclude the construction and operation of the Rebuild Project;
- (5) There are no adverse public health or safety issues associated with the Rebuild Project;
- (6) The Rebuild Project will have a positive impact on the economy of Virginia by allowing the Company to maintain electric service to its existing customers and provide electric service to the Company's future customers;
- (7) The Rebuild Project will improve the Company's system reliability;
- (8) The Commission should condition approval of the Application on the Company's compliance with the *Summary of Recommendations* contained in the DEQ Report, with the exception of the DEQ's recommendation relating to consultation with [DCR] for updates to the Biotics System database;
- (9) The Commission should require consultation with [DCR] for updates to the Biotics Data System only if (i) the scope of the [P]roject involves material changes or (ii) twelve (12) months pass before the [P]roject commences construction from the date of the Commission's Final Order;
- (10) The Company should be required to file annual reports with the Staff showing any deviations in its estimated costs for pending transmission line projects using the format set forth in Exhibit 9; and
- (11) A certificate of public convenience and necessity should be issued authorizing the Company to undertake the Rebuild Project.<sup>18</sup>

On May 26, 2017, Dominion and Staff filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Project. The Commission finds that certificates of public convenience and necessity authorizing the Project should be issued subject to certain findings and conditions contained herein.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

<sup>14</sup> Old Dominion Electric Cooperative filed a notice of participation but did not otherwise participate in this proceeding.

<sup>15</sup> Tr. 57-82 (Essah) and 85-103 (Smith). See also Ex. 11, 15-16.

<sup>16</sup> Tr. 42-57 (Upton); Ex. 9.

<sup>17</sup> Tr. 8-18.

<sup>18</sup> Report at 21-22.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Need

The Commission finds that the Company's Project is needed. The need for the Project is unchallenged. The record includes, among other things, documentation of extensive deterioration and damage to the supporting structures in the area where the existing transmission lines cross the James River.<sup>19</sup> As found by the Hearing Examiner, the Project will replace aging transmission infrastructure nearing the end of its expected service life and maintain reliability of the grid.<sup>20</sup>

#### Economic Development

The Commission finds that the Project will promote economic development in the Commonwealth of Virginia, including the area of the Project, by maintaining the overall long term reliability of the Company's electric transmission system and shortening potential future outages.<sup>21</sup>

#### Rights-of-Way and Routing

Dominion has adequately considered existing rights-of-way. If approved, the Project would be located entirely within existing rights-of-way.<sup>22</sup>

#### Scenic Assets and Historic Districts

During the course of this proceeding, members of the public requested visual impact mitigation to address their concerns about the impact of the proposed galvanized finish of the steel structures on the Project area.<sup>23</sup> While technically and commercially feasible, the Company does not support chemically dulling the Project's structures.<sup>24</sup> Although the Company expressed concerns regarding the possibility of shortened in-service life and additional maintenance costs for the structures due to the use of the chemical dulling process,<sup>25</sup> Staff indicates it did not find support for the Company's concerns during an investigation into the matter.<sup>26</sup> Staff concluded that chemical dulling may be a reasonable and cost-effective method to mitigate the visual impact of the Project.<sup>27</sup>

After consideration of the record, the Commission will require chemical dulling of the structure finish for this particular Rebuild Project under the circumstances of this case to mitigate the visual impact of the Rebuild Project. The Commission further notes, in regard to impacts on scenic and historic districts, that the Rebuild Project will be located within existing rights-of-way. The Commission finds that use of the existing route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.

#### Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>28</sup> We therefore find that, as a condition of our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report with one exception. The Commission adopts the Hearing Examiner's recommendation that the Company shall consult with DCR for updates to the Biotics Data System only if (i) the scope of the Project involves material changes or (ii) 12 months from

<sup>19</sup> See, e.g., Ex. 7 (Staff Report) at 2-5; Ex. 2 (Appendix) at 2-6.

<sup>20</sup> Hearing Examiner's Report at 18. In addition to replacing structures, the Project will replace a large non-standard conductor presently supported by the existing structures in the river and near the shoreline. *Id.* at 6.

<sup>21</sup> See, e.g., Ex. 7 (Staff Report) at 5; Ex. 2 (Appendix) at 4.

<sup>22</sup> See, e.g., Ex. 7 (Staff Report) at 6; Ex. 2 (Appendix) at 28.

<sup>23</sup> See e.g., Public Comment of Mrs. Deanna Lowery, Doc. Con. Cen. No. 170430160; Tr. at 7.

<sup>24</sup> Ex. 15 (Smith Rebuttal) at 14-15.

<sup>25</sup> *Id.*

<sup>26</sup> See, e.g., Tr. at 66-67; Ex. 11 (Joint Motion Attachment A) at 10-14.

<sup>27</sup> Ex. 7 (Staff Report) at 22.

<sup>28</sup> The DEQ recommendations are set forth above and discussed in the DEQ Report.

the date of this Order pass before the Project commences construction.<sup>29</sup> Further, Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Project.

#### Project Cost Reporting

The Commission adopts the Hearing Examiner's recommendation that the Company file annual reports with Staff on the Company's estimated and actual costs for transmission line projects approved by the Commission.<sup>30</sup>

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to Dominion:

Certificate No. ET-71k, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Charles City and New Kent Counties, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00135; cancels Certificate No. ET-71j, issued to Virginia Electric and Power Company on October 27, 2009, in Case No. PUE-2009-00045.

Certificate No. ET-104o, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Prince George County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00135, and Certificate No. EG-213;<sup>31</sup> cancel Certificate No. ET-104n, issued to Virginia Electric and Power Company on March 16, 2012, in Case No. PUE-2011-00073, and Certificate No. ET-104m, issued to Virginia Electric and Power Company on September 27, 2010, in Case No. PUE-2010-00032.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein, in addition to the facilities shown on the map for cancelled Certificate Nos. ET-71j and ET-104n.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Project approved herein must be constructed and in service by February 28, 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

<sup>29</sup> Report at 20-21.

<sup>30</sup> *Id.* This finding is based on the record of this case, which, as indicated above, included a significant increase in the Company's estimated cost of the Project.

<sup>31</sup> Certificate No. EG-213 includes, now in a separate certificate, generation facilities that were previously certificated together with transmission facilities under Certificate No. ET-104n and preceding certificates.

### **CASE NO. PUE-2016-00136 SEPTEMBER 1, 2017**

#### APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY

For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2017

#### **FINAL ORDER**

On December 1, 2016, Virginia Electric and Power Company d/b/a Dominion Energy Virginia<sup>1</sup> ("Dominion" or "Company"), pursuant to Code § 56-585.1 A 6 ("Section A 6"), the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>2</sup> of the State Corporation Commission

<sup>1</sup> Effective May 12, 2017, Virginia Electric and Power Company changed its "doing business as" name from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> 20 VAC 5-201-10 *et seq.*

("Commission"), and the directive contained in Ordering Paragraph (4) of the Commission's August 22, 2016 Final Order in Case No. PUE-2015-00114 ("2016 Order"),<sup>3</sup> filed with the Commission an application ("Application") for approval of a revision to its rate adjustment clause ("RAC") designated Rider U. The Company requests (i) an annual update for cost recovery associated with phase one ("Phase One") of the Company's Strategic Underground Program ("SUP"), and (ii) Commission approval to recover costs associated with phase two ("Phase Two") of the SUP through Rider U. Pursuant to Code § 56-585.1 A 7, the "Commission's final order regarding any petition filed pursuant to subdivision . . . 6 shall be entered not more than . . . nine months . . . after the date of filing of such petition."

The Company states in its Application that the 2014 General Assembly passed legislation<sup>4</sup> that "authorizes investor-owned electric utilities to request Commission approval to recover, on a timely and current basis through a RAC, the costs of new underground distribution facilities to replace overhead distribution facilities of 69 kilovolts . . . or less located within the utility's Virginia service territory."<sup>5</sup> The Company's first application requesting Commission approval of Rider U was denied in the Commission's Final Order in Case No. PUE-2014-00089 ("2015 Order").<sup>6</sup> The Company filed a second application for approval of Rider U on December 1, 2015; the Commission approved Rider U in the 2016 Order and authorized the Company to recover costs associated with Phase One of the SUP, subject to certain limitations.<sup>7</sup>

According to the Application, in Phase One the Company completed approximately 412 miles of underground conversions of overhead distribution tap lines and associated facilities, at a capital cost of \$138.5 million, compared to the projected 400 miles at a capital cost of \$140 million.<sup>8</sup> The actual cost per mile for Phase One was \$336,263.<sup>9</sup>

The Company states that Phase Two of the SUP is designed to convert an additional 244 miles of overhead tap lines to underground at a capital investment of approximately \$110 million and an average cost per mile of \$450,000.<sup>10</sup> Dominion states that its actual expenditures for Phase Two incurred through September 30, 2016, are \$36.6 million and projected expenditures for the period October 1, 2016 through August 31, 2017, are approximately \$73.4 million.<sup>11</sup> The Company is requesting to recover the costs of Phase Two through Rider U for only those projects that will be completed prior to September 1, 2017.<sup>12</sup>

On December 20, 2016, the Commission issued an Order for Notice and Hearing that, among other things: docketed the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on or participate in the proceeding; and scheduled a public hearing. Consumer Counsel filed a notice of participation in this proceeding.

On April 11, 2017, Consumer Counsel filed the testimony and exhibits of its witness. On May 1, 2017, Dominion and the Commission Staff ("Staff") filed a Partial Stipulation related to the return on equity ("ROE") to be applied in this proceeding. On May 2, 2017, Staff filed the testimonies and exhibits of its witnesses. On May 23, 2017, the Company filed rebuttal testimony and a Motion *in Limine* requesting the Commission strike portions of the testimony of Consumer Counsel's witness. On June 13, 2017, Consumer Counsel and Staff each filed responses in opposition to the Motion *in Limine*.

The Commission convened a public hearing for the receipt of public witness testimony on Dominion's Application on June 6, 2017, during which seven public witnesses provided testimony.<sup>13</sup> The Commission reconvened the public hearing on June 15 and 16, 2017, to receive evidence on the Company's Application from Staff, Consumer Counsel, and the Company. The Commission received testimony from witnesses on behalf of the participants and admitted evidence on the Application. On July 28, 2017, post-hearing briefs were filed by the Company, Consumer Counsel, and Staff.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

<sup>3</sup> *Application of Virginia Electric and Power Company, For establishment of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2016*, Case No. PUE-2015-00114, 2016 S.C.C. Ann. Rept. 305, Final Order (Aug. 22, 2016).

<sup>4</sup> See Chapters 212 and 548 of the 2014 Virginia Acts of Assembly.

<sup>5</sup> Ex. 2 (Application) at 3.

<sup>6</sup> *Id.* at 3-4. See *Application of Virginia Electric and Power Company, For approval of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2015*, Case No. PUE-2014-00089, 2015 S.C.C. Ann. Rept. 239, Final Order (July 30, 2015).

<sup>7</sup> Ex. 2 (Application) at 4. Specifically, in accordance with the Stipulation and Recommendation between the Company and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), in Case No. PUE-2015-00114, the Commission's 2016 Order: (1) limited the total Phase One investment (\$140 million) to \$122.5 million for cost recovery through Rider U; and (2) provided a \$1.8 million credit against the revenue requirement for the rate years September 1, 2016 to August 31, 2017, September 1, 2017 to August 31, 2018, and September 1, 2018 to August 31, 2019. 2016 Order at 307. The Commission also directed that in any future SUP proceeding, the Company "should be prepared to establish, with specificity, how the SUP has resulted in demonstrated *system-wide* benefits, as well as documented *local* benefits to the neighborhoods in which distribution lines have been placed underground." *Id.* (emphasis in original).

<sup>8</sup> Ex. 2 (Application) at 5.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 6. The Company states that increased complexity and customer density for Phase Two projects require more facilities and more easements per mile, which contribute to the increased average cost per mile for Phase Two. *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 8.

<sup>13</sup> Public comments were also filed on the Application.

Code of Virginia

Section A 6 states in part as follows:

To ensure the generation and delivery of a reliable and adequate supply of electricity, to meet the utility's projected native load obligations and to promote economic development, a utility may at any time, after the expiration or termination of capped rates, petition the Commission for approval of a rate adjustment clause for recovery on a timely and current basis from customers of the costs of . . . (iv) one or more new underground facilities to replace one or more existing overhead distribution facilities of 69 kilovolts or less located within the Commonwealth, . . . however, subject to the provisions of the following sentence, the utility shall not file a petition under clause (iv) more often than annually and, in such petition, shall not seek any annual incremental increase in the level of investments associated with such a petition that exceeds five percent of such utility's distribution rate base, as such rate base was determined for the most recently ended 12-month test period in the utility's latest biennial review proceeding conducted pursuant to subdivision 3 and concluded by final order of the Commission prior to the date of filing of such petition under clause (iv).

The 2017 Session of the Virginia General Assembly enacted legislation ("Senate Bill 1473") that further revised Section A 6 to provide as follows:<sup>14</sup>

The replacement of any subset of a utility's existing overhead distribution tap lines that have, in the aggregate, an average of nine or more total unplanned outage events-per-mile over a preceding 10-year period with new underground facilities in order to improve electric service reliability is in the public interest. In determining whether to approve petitions for rate adjustment clauses for such new underground facilities that meet this criteria, and in determining the level of costs to be recovered thereunder, the Commission shall liberally construe the provisions of this title. There shall be a rebuttable presumption that the conversion of such facilities will provide local and system-wide benefits, that such new underground facilities are cost beneficial, and that the costs associated with such new underground facilities are reasonably and prudently incurred.<sup>15</sup>

Code § 56-585.1 D states in part as follows:

The Commission may determine, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 *et seq.*).

Phase One

Phase One of the SUP reflects a stipulation between the Company and Consumer Counsel, which was approved by the Commission "as a pilot-type program, [through which] the Commission expects to see actual data collected to analyze the specific impacts of the project."<sup>16</sup> We herein grant the Company's request for an annual update to Rider U for cost recovery associated with previously-approved Phase One.

Phase Two

The Commission has applied the statutes above, which include the liberal construction, public interest declaration, and rebuttable presumptions directed therein. Based on the record developed in this case, we agree with Consumer Counsel that Phase Two is not cost beneficial.<sup>17</sup> Consumer Counsel also notes that, for the costs proposed herein, fewer than one percent (*i.e.*, 0.27%) of the Company's customers are directly served by the tap lines Dominion proposes to underground in Phase Two.<sup>18</sup> The Commission concludes that it is not reasonable and prudent for Dominion to invest approximately \$110 million, which could ultimately cost customers \$270 million during the life of the facilities,<sup>19</sup> for Phase Two of the SUP as proposed by the Company. The Commission further finds, however, that a more targeted, limited-scale Phase Two – for the purpose of extending the pilot-type program approved for Phase One – is reasonable and prudent as discussed below.

As quoted above, the applicable statute lists rebuttable presumptions applicable to this proceeding, including: (i) the new underground facilities proposed by the Company in its plans for Phase Two are cost beneficial; and (ii) the costs associated therewith are reasonably and prudently incurred. Dominion asserts that the statutory presumption is rebutted if there is "sufficient evidence" to disprove its existence.<sup>20</sup> Similarly, Consumer Counsel states

<sup>14</sup> Chapter 583 of the 2017 Virginia Acts of Assembly.

<sup>15</sup> Senate Bill 1473 further provides that "the provisions of this act shall apply to any applications pending with the State Corporation Commission regarding new underground facilities on or after January 1, 2017." Dominion's Application was pending on January 1, 2017, and the Commission will apply Senate Bill 1473 to this case.

<sup>16</sup> 2016 Order at 307.

<sup>17</sup> Consumer Counsel's Post-Hearing Brief at 24.

<sup>18</sup> Ex. 19 (Norwood Direct) at 4.

<sup>19</sup> Ex. 26 (Wong Direct) at 14; Ex. 19 (Norwood Direct) at 4.

<sup>20</sup> Dominion's Post-Hearing Brief at 5 (citations omitted).

that "the party against whom the presumption applies is required to present 'substantial evidence showing the true fact to be to the contrary' to the presumed fact."<sup>21</sup> Dominion and Consumer Counsel differ, however, as to whether the statutory presumptions have been rebutted.<sup>22</sup>

In this regard, the Commission notes that a rebuttable presumption is fundamentally different from a *per se* rule, which is why the term "rebuttable" is included. The General Assembly has indeed relieved Dominion of an applicant's typical burden to include in its application persuasive evidence to support the statutorily presumed facts listed above in Section A 6 if certain outage criteria are demonstrated. The General Assembly, however, could have – but did not – mandate approval of a SUP at any cost, in any manner of implementation, and no matter how burdensome to customers in relation to the benefits received. Rather, the statute permits the Commission to find – upon sufficient evidence – that presumed facts have been rebutted. That we have done herein.

In applying the statute, the Commission finds there is substantial evidence in the record to rebut these statutory presumptions regarding Dominion's proposal for Phase Two of the SUP. The evidence supporting this finding includes the following facts regarding the details of the Company's request:

- Cost is not a factor in determining what facilities should be undergrounded; under Dominion's proposal for Phase Two, no underground project is too expensive.<sup>23</sup>
- Under the Company's plan for Phase Two, no potential project is rejected based on cost.<sup>24</sup>
- Dominion's proposal requires customers to pay \$476,076 over the life of the project to fund the total expense of undergrounding the facilities needed to serve a single customer.<sup>25</sup>
- Dominion's plan for Phase Two includes a group of 19 customers that, even without considering financing costs over the life of the projects, would cost ratepayers approximately \$120,000 on average per customer undergrounded.<sup>26</sup>
- Phase Two is part of Dominion's plan to spend \$2 billion in capital investment over the next 10 years for the SUP, which could eventually cost customers almost \$6 billion when financing costs are included.<sup>27</sup>
- There is no evidence that any other electric utility in the country has implemented an undergrounding plan at such a high level of cost to its customers.<sup>28</sup>

In addition: (i) as presented by Consumer Counsel, the proposed costs for Phase Two are approximately 2.7 times greater than the benefits that Dominion projects will accrue to the customers whose lines will be undergrounded,<sup>29</sup> and (ii) as presented by both Consumer Counsel and Staff, data from implementation of Phase One of the SUP (which was approximately 25% less expensive per mile than Dominion proposes for Phase Two) showed costs greater than benefits even if societal GDP benefits were considered.<sup>30</sup>

Accordingly, the Commission finds there is sufficient evidence showing that, in the manner proposed by the Company for Phase Two of the SUP: (1) the proposed new underground facilities are not cost beneficial; and, in addition, (2) the costs associated therewith are not reasonable and prudent. Having found these presumptions rebutted, the Commission has also considered the evidence and arguments presented by Dominion and, taking the record as a whole, concludes that the Company's proposed Phase Two is not cost beneficial or just and reasonable.

<sup>21</sup> Consumer Counsel's Post-Hearing Brief at 10 (citation omitted).

<sup>22</sup> See, e.g., Dominion's Post-Hearing Brief at 6 ("The record shows that no compelling evidence has been offered sufficient to rebut the presumptions afforded under the Legislation."); Consumer Counsel's Post-Hearing Brief at 8 ("It is clear that evidence has been presented in this case to rebut the presumption that Phase Two is cost-beneficial.").

<sup>23</sup> See, e.g., Ex. 22 (Abbott Direct) at 32-34.

<sup>24</sup> *Id.*

<sup>25</sup> See, e.g., Tr. 364.

<sup>26</sup> See, e.g., Ex. 22 (Abbott Direct) at 33.

<sup>27</sup> Ex. 8; Tr. 104. See also 2016 Order at 307.

<sup>28</sup> See, e.g., Consumer Counsel's Post-Hearing Brief at 14.

<sup>29</sup> *Id.* at 8, 16; Ex. 19 (Norwood Direct) at 14. This fact does not include any suggested societal Gross Domestic Product ("GDP") benefits that may accrue in general to society as a whole, as opposed to specific customers from lines undergrounded. See, e.g., Ex. 19 (Norwood Direct) at 14, 21. Consumer Counsel also testified that Dominion's "proposed Phase Two SUP conversion projects would improve [the Company's] existing distribution system reliability performance by at most 0.0002% if the Phase Two conversions eliminated all outages on the converted lines." *Id.* at 30.

<sup>30</sup> Ex. 22 (Abbott Direct) at 10-11, 14-24; Ex. 19 (Norwood Direct) 24-26.

The Commission further finds, however, that it is reasonable and prudent to continue the pilot-type program previously approved for Phase One. As noted above, approval of Dominion's current proposal leads to a fully-implemented program that would cost customers \$6 billion. As explained by Consumer Counsel, this is an "extraordinary and incomparable" cost for such a project, the likes of which has never been undertaken by any electric utility in the country.<sup>31</sup> The limited pilot-type program approved for Phase One was intended, among other things, "to gather the data [for] cost-benefit analyses and credible measurement and evaluation to determine whether there are demonstrative improvements in reliability that result from the undergrounding of these targeted tap lines,"<sup>32</sup> and to obtain "detailed evidence demonstrating both the local and system-wide benefits [from these underground conversions]."<sup>33</sup> Based on the evidence presented herein, the Commission concludes that additional data based on actual undergrounding experience will be crucial in assessing the impacts of such conversions. As a result, we find that it is just and reasonable to structure Phase Two of the SUP in a more targeted, limited-scale manner in order to extend the pilot-type program previously approved for Phase One. For this purpose, the Commission approves Phase Two conversions reflecting a total capital investment of \$40 million.<sup>34</sup>

Finally, the Commission notes that Dominion initiated its Phase Two underground conversions prior to the 2017 legislation creating the rebuttable statutory presumptions addressed herein.<sup>35</sup> Dominion also initiated Phase Two without prior Commission approval and with full notice that any costs it voluntarily chose to incur therefor may not be recoverable through rates. Indeed, in approving Phase One as a pilot-type program, the Commission's Final Order expressly directed as follows: "Accordingly, any additional dollars Dominion has chosen, or subsequently chooses, to spend on such project – above the amount approved herein for recovery [for Phase One] – are incurred solely at Dominion's risk and are not presumed to be recoverable (through Rider U, base rates, or any other rate mechanism)."<sup>36</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Company shall file forthwith revised Rider U tariffs and terms and conditions of service and supporting workpapers, including a computation of the revenue requirement, with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(2) Rider U, as approved herein, shall be effective for usage on and after fifteen (15) calendar days following issuance of this Order or, at the Company's option, shall be effective for usage on and after September 1, 2017.

(3) The Company shall file its annual Rider U application on or after December 1, 2017.

(4) On or before March 31, 2018, and each year thereafter until further order of the Commission, the Company shall file an annual update report on the SUP. The report shall include, but is not necessarily limited to, taps and miles converted, costs per mile, performance improvements measured by event count, duration, restoration, and System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) impacts, and any other information mutually determined by Dominion and the Staff to be useful in evaluating the results of the SUP.

(5) On or before March 31, 2018, and each year thereafter until further order of the Commission, the Company shall file a report with respect to other programs undertaken by the Company to achieve distribution reliability benefits. The report shall include, but is not necessarily limited to, annual information on the resources (both in dollars and in number of employees) devoted over each of the past ten (10) years related to right-of-way clearing, vegetation management, overhead line strengthening, and deployment of storm response resources, as well as the specific budgeted amounts going forward for such activities.

(6) The Motion *in Limine* is denied.

(7) This case is continued.

<sup>31</sup> Consumer Counsel's Post-Hearing Brief at 14.

<sup>32</sup> 2015 Order at 241.

<sup>33</sup> 2016 Order at 307.

<sup>34</sup> This amount represents an approximately 30% incremental increase to the total capital cost incurred by Dominion in Phase One, which we find reasonable for this purpose. Ex. 2 (Application) at 5. Accordingly, the Company may include the Phase Two costs approved herein as part of Rider U. In addition, for purposes of calculating the Rider U revenue requirement, an ROE of 9.4% shall be utilized for the rate year commencing September 1, 2017; the Company and Staff support the use of a 9.4% ROE for purposes of this case, and Consumer Counsel did not object to this ROE. Ex. 3 (Partial Stipulation). We also find that the reporting requirements attendant to Phase One of the SUP should continue for Phase Two.

<sup>35</sup> See, e.g., Ex. 2 (Application) at 6.

<sup>36</sup> 2016 Order at 307-308 (footnote omitted).



**CASE NO. PUE-2016-00136  
SEPTEMBER 13, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2017

**AMENDING ORDER**

On December 1, 2016, Virginia Electric and Power Company d/b/a Dominion Energy Virginia<sup>1</sup> ("Dominion" or "Company"), pursuant to Code § 56-585.1 A 6 ("Section A 6"), the Rules Governing Utility Rate Applications and Annual Informational Filings<sup>2</sup> of the State Corporation Commission ("Commission"), and the directive contained in Ordering Paragraph (4) of the Commission's August 22, 2016 Final Order in Case No. PUE-2015-00114 ("2016 Order"),<sup>3</sup> filed with the Commission an application for approval of a revision to its rate adjustment clause designated Rider U ("Application"). Thereafter, on September 1, 2017, the Commission entered a Final Order in this docket, approving in part and denying in part Dominion's Application, all as set forth in the Final Order. Ordering Paragraph (2) thereof states that "Rider U, as approved herein, shall be effective for usage on and after fifteen (15) calendar days following issuance of this Order or, at the Company's option, shall be effective for usage on and after September 1, 2017."<sup>4</sup> Thus, revised Rider U is slated to become effective for usage on and after September 16, 2017, or at the Company's option, on and after September 1, 2017.

Following entry of the Final Order, the Commission Staff ("Staff") was advised that the Company prefers to implement revised Rider U effective, for billing purposes, on and after October 1, 2017. Staff was advised that implementing a new rate on the first of the month will enable more efficient implementation within the Company's billing system.<sup>5</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that, good cause having been shown, Ordering Paragraph (2) of the Final Order shall be modified to provide that revised Rider U approved therein shall become effective for usage on and after October 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) Rider U as approved in the Final Order shall become effective for usage on and after October 1, 2017, and Ordering Paragraph (2) in the Final Order shall be deemed modified accordingly.

(2) This matter is continued.

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<sup>1</sup> Effective May 12, 2017, Virginia Electric and Power Company changed its "doing business as" name from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> 20 VAC 5-201-10 *et seq.*

<sup>3</sup> *Application of Virginia Electric and Power Company, For establishment of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2016*, Case No. PUE-2015-00114, 2016 S.C.C. Ann. Rept. 305, Final Order (Aug. 22, 2016).

<sup>4</sup> Final Order at 11. The Commission's previous order approving cost recovery through Rider U contained similar implementing language. 2016 Order at 308.

<sup>5</sup> Staff was further advised that based on its previous experience implementing Rider U, the Company requested in its Application that revised Rider U "be effective, for billing purposes, on and after the first day of the month which is at least fifteen (15) calendar days following the date [of] any Commission order approving Rider U." Ex. 2 (Application) at 16.

**CASE NO. PUE-2016-00137  
FEBRUARY 6, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of a Service Agreement between Columbia Gas of Virginia, Inc., and Northern Indiana Public Service Company pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On November 17, 2016, Columbia Gas of Virginia, Inc. ("CVA" or the "Company") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> requesting approval of a service agreement ("Revised Service Agreement") whereby CVA will provide to and receive from Northern Indiana Public Service Company ("NIPSCO") Operations Support Services and Training Services ("Services") on an as-needed basis.

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<sup>1</sup> Code § 56-76 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Application states that the Revised Service Agreement reflects non-substantive modifications from the Service Agreement authorized by the Commission in Case No. PUE-2016-00075,<sup>2</sup> in order to conform to requirements of the Indiana Utility Regulatory Commission ("IURC"). According to the Application, subsequent to the Commission's issuance of the Order Granting Approval in Case No. PUE-2016-00075 and the filing of the fully executed Service Agreement between CVA and NIPSCO with the Commission, CGV learned that the IURC no longer accepts required filings of affiliate agreements after the effective date of the agreement and that such agreements must include a provision specifying that the agreement is not effective until filed with the IURC. Accordingly, CVA requests approval of the Revised Service Agreement, which states that it shall become effective upon the later of: (i) approval by the Commission; or (ii) filing with the IURC, and that it will remain in effect until September 30, 2020.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Company is hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

## APPENDIX

1. The Revised Service Agreement shall become effective the later of: (i) approval by the Commission; or (ii) filing with the IURC. The Revised Service Agreement shall remain in effect through September 30, 2020. Should CVA wish to continue the Revised Service Agreement after that date, separate Commission approval shall be required.

2. The Commission's approval of the Revised Service Agreement shall be limited to those Services specifically listed in the Revised Service Agreement. If CVA wishes to add a Service that is not specifically identified in the Revised Service Agreement, separate Commission approval shall be required.

3. Separate Affiliates Act approval shall be required for NIPSCO to provide Services to CVA under the Revised Service Agreement through the engagement of an affiliated third party.

4. Any NIPSCO employee that provides any construction and maintenance-related Service to CVA under the Revised Service Agreement must be qualified in accordance with the Virginia Enhanced Operator Qualification for the Service provided.

5. Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Service Agreement, including changes in Services provided, allocation methodologies, and successors and assigns.

6. The approval granted in this case shall not have any ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Revised Service Agreement.

7. All Services provided to or received from NIPSCO shall be priced at fully distributed cost.

8. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 58-80 of the Code hereafter.

9. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

10. All transactions associated with the Revised Service Agreement shall be included in CVA's Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director, and shall include the following information:

- (a) The most recent case number under which the Revised Service Agreement was approved;
- (b) The name and type of activity performed by NIPSCO under the Revised Service Agreement; and
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior calendar year's transactions by month, type of service, FERC *account*, and *dollar amount*.

11. In the event that CVA's annual informational filings or expedited or rate case filings are not based on a calendar year, then CVA shall include the affiliate information contained in its ARAT for the test period in such filings.

12. CVA shall file with the Commission a signed and executed copy of the Revised Service Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the UAF Director.

<sup>2</sup> *Application of Columbia Gas of Virginia, Inc., For approval of Service Agreements between Columbia Gas of Virginia, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc. and Northern Indiana Public Service Company*, Case No. PUE-2016-00075, Doc. Con. Cen. No. 160930051, Order Granting Approval (Sept. 23, 2016).

**CASE NO. PUE-2016-00138  
FEBRUARY 13, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION ENERGY, INC.

For exemption from or approval to enter into retail service arrangements under Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING EXEMPTION**

On November 18, 2016, Virginia Electric and Power Company ("DVP"), Dominion Energy, Inc. ("DEI"), and unidentified existing or future DEI subsidiaries ("DEI Affiliates") (collectively, the "Applicants") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> to request an exemption ("Exemption") from, or alternatively, approval through future exemptions from, the filing and prior approval requirements of the Affiliates Act for retail electric service arrangements ("Retail Service") with potential affiliated merchant solar electric generating facilities ("Affiliated Solar Facilities") located in DVP's Virginia or North Carolina service territories that take Retail Service from DVP at Commission or North Carolina Utilities Commission approved rates ("Approved Rates").

The Applicants represent that the Commission previously granted approval to DVP to enter into standard interconnection agreements ("Interconnection Agreement(s)") with DEI Affiliates for the purpose of connecting future Affiliated Solar Facilities to DVP's distribution and transmission systems in its April 14, 2016 Final Order in Case No. PUE-2016-00018 ("2016 Interconnection Order"). The Interconnection Agreements do not address the purchase or delivery of Retail Service to the Affiliated Solar Facilities.

Subsequent to the 2016 Interconnection Order, DEI identified a potential need for DVP to provide Retail Service to the Affiliated Solar Facilities during the commissioning and commercial operation process. Specifically, an Affiliated Solar Facility may require Retail Service to operate control house electronics, inverters, the main power transformer, or other equipment when it cannot self-supply the power for the facility's equipment.<sup>2</sup> In response to Staff's data request, the Applicants represent that billing for Retail Service will occur when the PJM Interconnection, L.L.C. ("PJM") revenue meter for an Affiliated Solar Facility registers generation as net-negative for a given month. The Applicants represent that this billing can occur: (a) during construction and initial startup in a month between initial backfeed (when the plant is shut down) and first synchronization (when solar power commences); or (b) during long-term maintenance events in a post-synchronization month when the PJM revenue meter registers net-negative generation output.<sup>3</sup>

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that based on the Applicants' representations, specifically that DVP will provide Retail Service to DEI and the DEI Affiliates for Affiliated Solar Facilities at Approved Rates, the proposed Exemption is in the public interest and should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the proposed Exemption is granted. The Applicants shall include a list (name only) of the DEI Affiliates and Affiliated Solar Facilities qualifying for the Exemption in DVP's Annual Report of Affiliate Transactions.

(2) This case is dismissed.

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> An Affiliated Solar Facility may opt to use onsite back-up generators to run the station's equipment rather than obtaining back-up Retail Service from DVP.

<sup>3</sup> Applicants' Response to Staff Data Request No. 1-09 indicates the possibilities of (a) and (b). The Affiliated Solar Facilities will draw power from the grids in times when they are not generating solar power as well.

**CASE NO. PUE-2016-00139  
JANUARY 18, 2017**

APPLICATION OF  
COMMUNITY ELECTRIC COOPERATIVE

For authority to issue securities

**ORDER GRANTING AUTHORITY**

On November 28, 2016, Community Electric Cooperative ("CEC") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code") for authority to obtain short-term financing through line of credit facilities with the National Rural Utilities Cooperative Finance Corporation ("CFC"). The amount of short-term debt requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code and thus requires prior Commission approval. CEC paid the requisite fee of \$250.

CEC states in its application that it requests authority to obtain up to \$6 million of short-term financing with CFC. CEC clarified in response to Staff data requests that it has an existing \$3 million committed line of credit with CFC that will be reduced to \$1 million upon obtaining a new uncommitted line of credit of \$6 million with CFC. This will result in a total borrowing capacity of \$7 million from CFC, which is \$4 million above CEC's current \$3 million committed line of credit.

CEC further clarified in responses to Staff data requests that it seeks the requested increase in its short-term borrowing capacity to become more flexible with the funding of its current and future work plans. CEC represents that the access to additional short-term borrowings would enable CEC to provide bridge financing of future construction expenditures at short-term rates until such borrowings are refinanced with long-term debt. Moreover, CEC indicated in response to Staff data requests that the new CFC uncommitted line of credit would offer lower borrowing rates than available under its existing CFC committed line of credit.

NOW THE COMMISSION, upon consideration of the application as clarified by CEC's responses to Staff data requests, and having been advised by the 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) CEC is authorized to incur total short-term borrowings from CFC up to the aggregate maximum of \$7 million consisting of \$1 million from an existing CFC committed line of credit facility and \$6 million from a new CFC uncommitted line of credit facility.
- (2) Approval of this application shall have no implications for ratemaking purposes.
- (3) There being nothing further to be done, this matter is hereby dismissed.

**CASE NO. PUE-2016-00140  
FEBRUARY 24, 2017**

JOINT APPLICATION OF  
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY; ANGD, LLC;  
UTILITY PIPELINE HOLDING COMPANY, LLC; and UTILITY PIPELINE, LTD.

For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On December 5, 2016, Appalachian Natural Gas Distribution Company ("Distribution"); ANGD, LLC, a Virginia limited liability company; Utility Pipeline, Ltd. ("UPL") an Ohio limited liability company; and Utility Pipeline Holding Company, LLC ("UPLHC"), a Delaware limited liability company (collectively, "Applicants"), pursuant to Chapter 3<sup>1</sup> and Chapter 4<sup>2</sup> of Title 56 of the Code of Virginia ("Code"), filed a public and a confidential version of a joint application ("Joint Application") with the State Corporation Commission ("Commission") for authority to refinance long-term debt. Applicants paid the requisite fee. Together with the Joint Application, Applicants filed a Motion for Entry of a Protective Order ("Motion"), pursuant to Rules 110 and 170 of the Commission's Rules of Practice and Procedure ("Rules").<sup>3</sup>

On December 19, 2016, the Commission issued an Extension Order for consideration of the Joint Application through January 27, 2017. On January 23, the Staff of the Commission ("Staff") filed a Motion pursuant to 5 VAC 5-20-110 of the Rules to extend consideration of the Joint Application through February 27, 2017, to allow sufficient time to receive and evaluate outstanding responses to discovery regarding certain terms and conditions for the proposed borrowings. On January 26, 2017, the Commission issued an Extension Order to extend consideration of the Joint Application through February 27, 2017.

As stated in the Joint Application, Applicants' corporate merger and restructuring transaction ("Merger Case"), now before the Commission in pending Case No. PUE-2016-00115, involves a new Credit and Security Agreement ("CSA") that will be used: (i) to finance a portion of the acquisition consideration for UPL; (ii) to repay in full UPL's current bank lending agreements; (iii) to pay certain fees and expenses associated with such debt financing, acquisition, and related transactions; and (iv) to provide an additional source of working capital for UPL's utility subsidiary operations, including Distribution. As companion authority to the Merger Case, Applicants request authority in the instant case to refinance Distribution's outstanding debt under the borrowing rates and terms that will be available to UPL and Distribution through the new CSA, and for Distribution to maintain the same level of borrowing authority that previously was authorized in Case No. PUE-2016-00034.<sup>4</sup>

More specifically, Applicants request authority for Distribution to borrow up to \$3 million of long-term debt from UPL in the form of one or more intercompany promissory notes ("Term Notes") and to borrow up to the aggregate outstanding balance at any one time of \$3.5 million from UPL under a revolving credit agreement note ("RCA Note"). Applicants further seek authority for Distribution to refinance the outstanding balance of its Clinch River Project debt with a new note under the CSA ("CRP Note").

The maturity of any Term Notes would not exceed a period of five (5) years. The interest rate would be a variable rate based upon the one-month London Interbank Offered Rate ("LIBOR") plus the applicable margin under the terms of the CSA, as provided in a confidential attachment to the Joint Application. Under current market conditions, Applicants estimate the borrowing rate will be between 4.00% and 4.75%, with the potential for reductions in UPL's leverage ratio to reduce the applicable margin and effective borrowing rate under the terms of the CSA. Any Term Notes will also have the option to

<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> Code § 56-76 *et seq.*

<sup>3</sup> 5 VAC 5-20-10 *et seq.*

<sup>4</sup> *Application of Appalachian Natural Gas Distribution Company, ANGD LLC and Utility Pipeline, Ltd., For approval of an application under Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00034, Doc. Con. Cen. No. 160650069, Order Granting Authority (June 29, 2016).

convert to a fixed rate during its term. Principal and interest payments on any Term Notes will be payable monthly based upon a fifteen (15)-year amortization, with a balloon payment of the outstanding balance at maturity.

Any RCA Note borrowings could be drawn, re-paid, and redrawn up to the \$3.5 million aggregate maximum limit over a period of five (5) years, corresponding to the term of UPL's underlying revolving credit facility as part of the CSA. Applicants represent that the interest rate on any RCA Note borrowings will be the same variable rate as for the Term Notes based upon the one-month LIBOR plus the applicable margin under the terms of the CSA. Under current market conditions, Applicants estimate the borrowing rate will be between 4.00% and 4.75%, with the potential for reductions in UPL's leverage ratio to reduce the applicable margin and effective borrowing rate under the terms of the CSA. Per the monthly LIBOR rate option selected under the CSA, interest on RCA Note borrowings will be paid monthly. The unused balance of credit facility borrowings available under the CSA will incur a customary fee as noted in the confidential attachments to the Joint Application, to be allocated to subsidiary borrowers, including Distribution, based upon the proportion of their revolving credit facility borrowings.

Lastly, Distribution proposes to refinance its Clinch River Project debt with a new CRP Note reflecting the same terms and conditions as the existing debt with respect to interest rate, principal payments, maturity and the existing interest rate swap. The only change would be with respect to UPLHC as the new guarantor to the new lenders under the CSA.

NOW THE COMMISSION, upon consideration of the Joint Application and having been advised by its Staff, is of the opinion and finds that approval of the Joint Application is reasonable and will not be detrimental to the public interest. The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

(1) Distribution is authorized to refinance its existing intercompany long-term debt borrowings with UPL and to issue up to the aggregate amount of \$3 million of long-term debt in the form of one or more intercompany Term Notes with UPL through the period December 31, 2018, in the manner, for the purposes, and under the terms and conditions set forth in the Joint Application.

(2) Distribution is authorized to refinance its revolving credit borrowings with UPL and to enter into a new RCA Note with UPL to borrow up to the aggregate maximum amount of \$3.5 million at any one time through March 31, 2022, in the manner, for the purposes, and under the terms and conditions set forth in the Joint Application.

(3) Distribution is authorized to refinance the outstanding balance of its existing Clinch River Project debt with UPL in the form of a new CRP Note in the manner, for the purposes, and under the terms and conditions set forth in the Joint Application.

(4) The respective borrowing authorizations granted in Case No. PUE-2016-00034 shall be superseded by and terminated following the execution of respective authorizations pursuant to Ordering Paragraphs (1), (2), or (3).

(5) Distribution shall file a report of action to include a copy of any executed Term Notes, RCA Note, or CRP Note exercised pursuant to Ordering Paragraphs (1), (2), or (3), within sixty (60) days of their execution.

(6) Within sixty (60) days after the end of each December 31 annual term of borrowing authority under the RCA Note through 2020, Applicants shall file a report of action with the Commission to include:

- (a) The average monthly balance and the monthly interest rate on borrowings under the RCA Note;
- (b) The aggregate maximum amount outstanding at any one time during each month of the reporting period; and
- (c) Calculations supporting the quarterly amounts of the unused borrowing fees on UPL's revolving credit facility along with calculations supporting the proportional allocation of such fees to Distribution and other affiliate borrowers.

(7) Applicants shall file a final report of action on or before May 31, 2022, to include the information specified in Ordering Paragraph (6) for the RCA Note borrowings during the 2021 calendar year through March 31, 2022, along with a balance sheet as of March 31, 2022.

(8) The authority granted herein extends to borrowings specified in Ordering Paragraphs (1) through (3) above, all under the terms, conditions, and for the purposes specified in the Joint Application. Applicants shall file to seek separate approval prior to any desired change in the terms and conditions of the authority granted in this matter.

(9) The Authority granted herein shall not extend to any other prospective borrowings, which shall require separate and prior approval of this Commission.

(10) Approval of the Joint Application shall have no implications for ratemaking purposes.

(11) Approval of this Joint Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.

(12) 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.

(13) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

<sup>5</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information contained in the Joint Application in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

**CASE NO. PUE-2016-00141  
MARCH 6, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of a Revised Affiliate Service Agreement pursuant to Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On December 8, 2016, Washington Gas Light Company ("WGL" or the "Company") filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting approval of certain revisions to the current Project Management Service Agreement between WGL and its affiliate, WGL Energy Systems, Inc. ("WGES"), approved by the Commission in Case No. PUE-2015-00130,<sup>2</sup> in order to reflect the new third-party financing arrangements WGL is implementing to address the Commission's Final Order in Case No. PUE-2015-00135<sup>3</sup> ("Revised Agreement").

Pursuant to the terms and conditions of the current Project Management Service Agreement ("Current Agreement"), WGES provides energy management services ("EMS") on behalf of WGL for projects at federal agencies implemented under the Company's Areawide Public Utility Contract for Natural Gas, Gas Transportation and Energy Management Services ("AWC") with the Administrator of General Services of the United States of America. The current AWC became effective on March 20, 2016, and will expire on March 19, 2026. WGES will continue to provide these services under the Revised Agreement.

The Application states that pursuant to previous authority,<sup>4</sup> WGL received financing from third-party financial institutions and either provided the funds via inter-company transfer to WGES or charged WGES's inter-company account for payments made to contractors and sub-contractors. When the projects were completed and accepted, WGL assigned the payments from federal agencies for performance of the projects to WGES.

In the Revised Agreement, the Company is proposing revisions to the Current Agreement to reflect new third-party financing arrangements, which address the Commission's denial of the Company's request for an increased amount in project financing arranged with third-party financial institutions for the AWC projects managed by WGES.<sup>5</sup>

The Company states that under the new financing arrangements, the third-party financial institutions will provide financing for AWC EMS projects directly to WGES and, therefore, the financial obligation to the financing entity would be on the books of WGES, not WGL. Upon project completion and acceptance of the project by the federal agency, WGL will assign its rights to receive the payments from the federal agency (under the AWC) directly to the financing entity, rather than to WGES. The Company states that these new arrangements are similar to the structure used by financial institutions for utility projects under AWCs in other jurisdictions.

The Company represents that under both the Current Agreement and the Revised Agreement, WGES indemnifies WGL from all costs and expenses connected with the EMS under the AWC.

The Company states that the proposed revisions in the Revised Agreement are in the public interest because they remove the liability associated with third-party financing arrangements for the AWC energy management projects from the utility's books, which addresses the Commission's concern about any negative impact on the utility and its customers from the previous financing arrangement. The Company further represents that there is no incremental cost to Virginia ratepayers associated with the new financing arrangements because the cost of any general and administrative services provided by WGL employees will be allocated to WGES in accordance with the Company's cost allocation manual ("CAM").<sup>6</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Revised Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> *Application of Washington Gas Light Company, For approval of an affiliate service agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00130, Doc. Con. Cen. No. 160310088, Order Granting Approval (Mar. 3, 2016).

<sup>3</sup> *Application of Washington Gas Light Company, For authority to engage in project financing and affiliate transactions pursuant, respectively, to Chapters 3 and 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00135, Doc. Con. Cen. No. 160320151, Final Order (Mar. 14, 2016).

<sup>4</sup> *See Application of Washington Gas Light Company, For authority to issue long-term debt and to engage in affiliate transactions*, Case No. PUE-2008-00087, 2008 S.C.C. Ann. Rept. 598, Order Granting Authority (Oct. 9, 2008); 2008 S.C.C. Ann. Rept. 599, Correcting Order (Oct. 15, 2008). *See also Application of Washington Gas Light Company, For authority to enter into an affiliate service agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2002-00463, 2002 S.C.C. Ann. Rept. 600, Order Granting Authority (Dec. 9, 2002); 2002 S.C.C. Ann. Rept. 602, Correcting Order (Dec. 17, 2002).

<sup>5</sup> *See* Case No. PUE-2015-00135, *supra* n.3.

<sup>6</sup> WGL currently provides WGES with general administrative and corporate services pursuant to a separate affiliate services agreement approved by the Commission in Case No. PUE-2015-00048. Under that agreement, the services provided by WGL are charged to WGES in accordance with the methodology detailed in the Company's CAM, which is submitted to Staff annually. *See Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUE-2015-00048, 2015 S.C.C. Ann. Rept. 332, Order Granting Approval (July 28, 2015).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Company is hereby granted approval to enter into the Revised Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

(1) The Commission's approval of the Revised Agreement shall be limited to the term of the underlying AWC, which expires on March 19, 2026. Should the Company wish to continue under the Revised Agreement beyond that date, separate Commission approval shall be required.

(2) The Commission's approval shall be limited to the specific services identified in the Revised Agreement. Should WGL wish to obtain additional services that are not specifically identified in the Revised Agreement, separate Commission approval shall be required.

(3) Separate Affiliates Act approval shall be required for WGES to provide services to WGL through the engagement of any affiliated third parties under the Revised Agreement.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement, including successors or assigns.

(5) The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Revised Agreement.

(6) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

(7) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(8) The Company shall file with the Commission a signed and executed copy of the Revised Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(9) All transactions associated with the Revised Agreement shall be included in WGL's Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director.

(10) In the event that WGL's annual informational filings or expedited or general rate case filings are not based on a calendar year, then WGL shall include the affiliate information contained in its ARAT for the test period in such filings.

### CASE NO. PUE-2016-00143 APRIL 20, 2017

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For a general increase in rates and for authority to revise the terms and conditions applicable to natural gas service

#### ORDER FOR NOTICE AND HEARING

On March 31, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective September 1, 2017, and to revise other terms and conditions applicable to its gas service ("Application"). VNG indicates that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$41.1 million per year, which includes \$13.4 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.*<sup>1</sup> VNG states the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ending September 30, 2016, the increase in the Company's average rate base since its last base rate increase in 2011,<sup>2</sup> an updated capital structure and requested return on equity of 10.25%, and certain rate year adjustments that "can be reasonably predicted to occur" during the 12 months ending August 31, 2018 ("Rate Year"), as permitted by Code § 56-235.2.<sup>3</sup>

<sup>1</sup> Application at 1; Direct Testimony of Michael J. Morley at 11; Schedule 21.

<sup>2</sup> See *Application of Virginia Natural Gas, Inc., For an increase in base rates and for authority to revise the terms and conditions applicable to natural gas service pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia*, Case No. PUE-2010-00142, 2011 S.C.C. Ann. Rept. 407, Final Order (Dec. 20, 2011) ("2011 Rate Case").

<sup>3</sup> Application at 5.

VNG states that, since the 2011 Rate Case, it has made significant capital investments to improve the safety and reliability of its natural gas system.<sup>4</sup> The Company represents that it will have invested more than \$453 million to improve the integrity and performance of its system from the beginning of 2012 through August 31, 2017. VNG projects that it will invest approximately \$77 million more during the Rate Year.<sup>5</sup>

The Company states that its SAVE Plan was designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure<sup>6</sup> and was implemented in 2012.<sup>7</sup> VNG represents that it will have dedicated approximately \$148 million of its capital expenditures through August 31, 2017, to its SAVE Plan.<sup>8</sup> The Company indicates that, until now, it has recovered SAVE Plan capital investments through a separate surcharge outside of base rates.<sup>9</sup>

VNG states in its Application that, in the time since the 2011 Rate Case, it has experienced changes in its operating costs to meet and exceed new and expanded state and federal operational compliance standards, including growing its workforce and focusing on training and development. The Company indicates that its non-gas operations and maintenance ("O&M") expenses have increased by approximately \$12.9 million since the 2011 Rate Case and that this increase is primarily driven by safety and compliance as well as normal inflationary cost pressures.<sup>10</sup> In its Application, the Company provides further detail on these and other O&M initiatives including: (i) implementation of a distribution integrity management program; (ii) expansion of the Company's Construction Operation Department; (iii) continued emphasis on its Damage Prevention Department and expansion of educational programs and partnerships; (iv) implementation of an enhanced operator qualification program; and (v) increased work related to paving and maintenance to maintain critical infrastructure.<sup>11</sup>

VNG represents that a typical residential customer with average usage will experience an average increase of \$7.98 per month under the proposed rates.<sup>12</sup> The Company also proposes revisions to its Terms and Conditions and Schedules for Supplying Gas including: (i) providing an option for customers to request excess flow valves on existing gas service lines; (ii) a gas line extension offer for new customers; (iii) a revision to the timing and calculation of the true-up component in its purchased gas cost adjustment mechanism; and (iv) a new rate schedule and revisions to existing rate schedules.<sup>13</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that VNG should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2016-00143.

(2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>14</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) VNG may implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after September 1, 2017.

(4) On or before June 20, 2017, VNG shall file a bond with the Commission in the amount of \$41.1 million payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(5) A public hearing on the Application shall be convened at 10 a.m. on October 2, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.*

<sup>6</sup> Direct Testimony of Kerry R. Campbell, Jr. at 25.

<sup>7</sup> See *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012).

<sup>8</sup> Application at 3.

<sup>9</sup> *Id.* at 3; Direct Testimony of Michael J. Morley at 10.

<sup>10</sup> Application at 4.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 6.

<sup>14</sup> 5 VAC 5-20-10 *et seq.*



(6) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for VNG, Joseph K. Reid III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(7) On or before June 1, 2017, VNG shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF  
VIRGINIA NATURAL GAS, INC.'S  
APPLICATION FOR A GENERAL INCREASE IN RATES AND  
FOR AUTHORITY TO REVISE THE TERMS AND  
CONDITIONS APPLICABLE TO NATURAL GAS SERVICE  
CASE NO. PUE-2016-00143

On March 31, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective September 1, 2017, and to revise other terms and conditions applicable to its gas service ("Application"). VNG indicates that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$41.1 million per year, which includes \$13.4 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.* VNG states the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ending September 30, 2016, the increase in the Company's average rate base since its last base rate increase in 2011, an updated capital structure and requested return on equity of 10.25%, and certain rate year adjustments that "can be reasonably predicted to occur" during the 12 months ending August 31, 2018 ("Rate Year"), as permitted by Code § 56-235.2.

VNG states that, since the 2011 Rate Case, it has made significant capital investments to improve the safety and reliability of its natural gas system. The Company represents that it will have invested more than \$453 million to improve the integrity and performance of its system from the beginning of 2012 through August 31, 2017. VNG projects that it will invest approximately \$77 million more during the Rate Year.

The Company states that its SAVE Plan was designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure and was implemented in 2012. VNG represents that it will have dedicated approximately \$148 million of its capital expenditures through August 31, 2017, to its SAVE Plan. The Company indicates that, until now, it has recovered SAVE Plan capital investments through a separate surcharge outside of base rates.

VNG states in its Application that, in the time since the 2011 Rate Case, it has experienced changes in its operating costs to meet and exceed new and expanded state and federal operational compliance standards, including growing its workforce and focusing on training and development. The Company indicates that its non-gas operations and maintenance ("O&M") expenses have increased by approximately \$12.9 million since the 2011 Rate Case and that this increase is primarily driven by safety and compliance as well as normal inflationary cost pressures. In its Application, the Company provides further detail on these and other O&M initiatives including: (i) implementation of a distribution integrity management program; (ii) expansion of the Company's Construction Operation Department; (iii) continued emphasis on its Damage Prevention Department and expansion of educational programs and partnerships; (iv) implementation of an enhanced operator qualification program; and (v) increased work related to paving and maintenance to maintain critical infrastructure.

VNG represents that a typical residential customer with average usage will experience an average increase of \$7.98 per month under the proposed rates. The Company also proposes revisions to its Terms and Conditions and Schedules for Supplying Gas including: (i) providing an option for customers to request excess flow valves on existing gas service lines; (ii) a gas line extension offer for new customers; (iii) a revision to the timing and calculation of the true-up component in its purchased gas cost adjustment mechanism; and (iv) a new rate schedule and revisions to existing rate schedules.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, effective September 1, 2017.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on October 2, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Joseph K. Reid III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before September 25, 2017, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before September 25, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUE-2016-00143.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before July 6, 2017. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for VNG at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00143. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

VIRGINIA NATURAL GAS, INC.

(8) On or before June 1, 2017, VNG shall serve a copy of its Application and this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which VNG provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(9) On or before June 15, 2017, VNG shall file proof of the notice and service required by Ordering Paragraphs (7) and (8), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(10) On or before September 25, 2017, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (9). Any interested person desiring to file comments electronically may do so on or before September 25, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All comments shall refer to Case No. PUE-2016-00143.

(11) On or before July 6, 2017, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (9), and each respondent shall serve a copy of the notice of participation on counsel to VNG at the address set forth in Ordering Paragraph (6). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00143.

(12) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(13) On or before August 10, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2016-00143.

(14) The Staff shall investigate the Application. On or before August 29, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(15) On or before September 18, 2017, VNG shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>15</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(17) This matter is continued.

<sup>15</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUE-2016-00143, in the appropriate box.

**CASE NO. PUE-2016-00143  
APRIL 24, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For a general increase in rates and for authority to revise the terms and conditions applicable to natural gas service

**CORRECTING ORDER**

On March 31, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective September 1, 2017, and to revise other terms and conditions applicable to its gas service ("Application").

On April 20, 2017, the Commission issued an Order for Notice and Hearing ("Order") in this proceeding. In the first paragraph, the Order states: "VNG indicates that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$41.1 million per year, which includes \$13.4 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.*" The Order should have said that the Company proposes to increase its annual non-gas base revenues by approximately \$44.1 million.

Further, Ordering Paragraph (4) requires VNG to file a bond with the Commission and should have required the amount of the bond to be \$44.1 million.

Finally, Ordering Paragraph (7) of the Order requires VNG to publish notice in newspapers of general circulation throughout its service territory. This notice contains a similar error for the amount of the proposed increase.

Accordingly, IT IS ORDERED THAT:

(1) The sentence referenced above in the first paragraph of the Order hereby is amended to state the following: "VNG indicates that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$44.1 million per year, which includes \$13.4 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.*"

(2) Ordering Paragraph (4) hereby is amended to state the following: "On or before June 20, 2017, VNG shall file a bond with the Commission in the amount of \$44.1 million payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine."

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (3) The notice provision set forth in Ordering Paragraph (7) of the Order is corrected and amended to read as follows:

NOTICE TO THE PUBLIC OF  
 VIRGINIA NATURAL GAS, INC.'S  
 APPLICATION FOR A GENERAL INCREASE IN RATES AND  
 FOR AUTHORITY TO REVISE THE TERMS AND  
 CONDITIONS APPLICABLE TO NATURAL GAS SERVICE  
 CASE NO. PUE-2016-00143

On March 31, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective September 1, 2017, and to revise other terms and conditions applicable to its gas service ("Application"). VNG indicates that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$44.1 million per year, which includes \$13.4 million currently being collected by the Company outside of base rates in a surcharge associated with its Steps to Advance Virginia's Energy plan ("SAVE Plan") pursuant to Code § 56-603 *et seq.* VNG states the requested increase in annual non-gas base revenues reflects its costs and revenues for the test year ending September 30, 2016, the increase in the Company's average rate base since its last base rate increase in 2011, an updated capital structure and requested return on equity of 10.25%, and certain rate year adjustments that "can be reasonably predicted to occur" during the 12 months ending August 31, 2018 ("Rate Year"), as permitted by Code § 56-235.2.

VNG states that, since the 2011 Rate Case, it has made significant capital investments to improve the safety and reliability of its natural gas system. The Company represents that it will have invested more than \$453 million to improve the integrity and performance of its system from the beginning of 2012 through August 31, 2017. VNG projects that it will invest approximately \$77 million more during the Rate Year.

The Company states that its SAVE Plan was designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure and was implemented in 2012. VNG represents that it will have dedicated approximately \$148 million of its capital expenditures through August 31, 2017, to its SAVE Plan. The Company indicates that, until now, it has recovered SAVE Plan capital investments through a separate surcharge outside of base rates.

VNG states in its Application that, in the time since the 2011 Rate Case, it has experienced changes in its operating costs to meet and exceed new and expanded state and federal operational compliance standards, including growing its workforce and focusing on training and development. The Company indicates that its non-gas operations and maintenance ("O&M") expenses have increased by approximately \$12.9 million since the 2011 Rate Case and that this increase is primarily driven by safety and compliance as well as normal inflationary cost pressures. In its Application, the Company provides further detail on these and other O&M initiatives including: (i) implementation of a distribution integrity management program; (ii) expansion of the Company's Construction Operation Department; (iii) continued emphasis on its Damage Prevention Department and expansion of educational programs and partnerships; (iv) implementation of an enhanced operator qualification program; and (v) increased work related to paving and maintenance to maintain critical infrastructure.

VNG represents that a typical residential customer with average usage will experience an average increase of \$7.98 per month under the proposed rates. The Company also proposes revisions to its Terms and Conditions and Schedules for Supplying Gas including: (i) providing an option for customers to request excess flow valves on existing gas service lines; (ii) a gas line extension offer for new customers; (iii) a revision to the timing and calculation of the true-up component in its purchased gas cost adjustment mechanism; and (iv) a new rate schedule and revisions to existing rate schedules.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, effective September 1, 2017.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on October 2, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Joseph K. Reid III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before September 25, 2017, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before September 25, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUE-2016-00143.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before July 6, 2017. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for VNG at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00143. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

VIRGINIA NATURAL GAS, INC.

- (4) All other provisions of the Order shall remain in full force and effect.
- (5) This matter is continued.

**CASE NO. PUE-2016-00143  
DECEMBER 21, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For authority to increase rates and charges and to revise the terms and conditions applicable to gas service

**FINAL ORDER**

On March 31, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") an application pursuant to Chapter 10 of Title 56 (§ 56-232 *et seq.*) of the Code of Virginia ("Code") requesting authority to increase its rates and charges, effective September 1, 2017, and to revise other terms and conditions applicable to its natural gas service ("Application"). VNG's Application advised that the proposed rates and charges were designed to increase the Company's rate base revenues by approximately \$30.7 million.<sup>1</sup>

On April 20, 2017, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; scheduled a hearing on the Application; established a procedural schedule for parties to file testimony and exhibits; permitted the Company to implement its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after September 1, 2017; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

Virginia Industrial Gas Users' Association ("VIGUA"); the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and Doswell Limited Partnership ("Doswell") filed notices of participation in this proceeding.

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1.

On August 10, 2017, VIGUA and Consumer Counsel filed testimony in accordance with the Procedural Order. The Commission's Staff ("Staff") filed testimony on August 29, 2017; and VNG filed rebuttal testimony on September 18, 2017. On October 3, 2017,<sup>2</sup> VNG filed a Stipulation and Proposed Recommendation ("Stipulation") with the Commission signed by the Company, Staff, Consumer Counsel, and VIGUA.<sup>3</sup> The Stipulation resolved all of the outstanding issues among the participants in the proceeding and provided, in part: (i) the increase in VNG's jurisdictional non-gas base annual revenue requirement will be \$34.1 million, or \$20.7 million net of VNG's Steps to Advance Virginia's Energy ("SAVE") Plan costs; (ii) Staff's capital structure is adopted along with an authorized ROE range of 9.0% to 10.0% with an ROE midpoint of 9.50% to be used to determine the revenue requirement in any application or filing, other than an application for a change in base rates; and the Company's overall weighted average cost of capital will be 6.86%, effective September 1, 2017, until such time as new rates are implemented in the Company's next rate case; (iii) Rate Base includes approximately \$140 million of actual SAVE investment through August 31, 2017; (iv) VNG's rate case costs are based on a normalized four-year average; (v) the depreciation rates proposed in the Company's depreciation study will be effective with the July 1, 2016 study date; (vi) pension and other post-employment benefit ("OPEB") recovery is based on generally accepted accounting principles expense using a non-purchase accounting basis, including amortization of previously unrecognized items, and incorporating the impact of capitalization of pension and OPEB costs; (vii) VNG's Interruptible and Seasonally Firm customers will be included in any class cost of service study ("CCOS") filed by the Company in future base rate proceedings, and each transportation schedule will be identified as a separate class for purposes of such CCOS study; (viii) revenue apportionment will be based on each distribution rate schedule receiving an equal percentage increase in revenues, with the exception of Schedule 15 and Intrastate Pipeline class, and Schedule 16 will be impacted by the percentage increase in the Schedule 9 rates; (ix) VNG's proposed modifications to its tariff language and Terms and Conditions and Schedules for Supply Gas will be adopted as reflected in the Application, except as modified in the rebuttal testimony of Company witness Meiselman, and as further modified in the Stipulation;<sup>4</sup> (x) the Company will implement the recommendations concerning the quarterly billing factor ("QBF") rate mechanism in the testimony of Staff witness Davis in its first QBF filing after the date of the Commission's final order in this proceeding, except that the Company will continue to manage its gas cost deferral balance on a total system basis; (xi) the Target margin stated in Paragraph XX.E.1.c of the Terms and Conditions will be \$2,258,740; and (xii) the modification of the Company's rates and rate structure shall become effective for service rendered on and after September 1, 2017, any necessary refunds shall be determined and completed as ordered by the Commission, and new rates in excess of interim rate levels and all modifications to the Tariff provisions and General Terms and Conditions shall become effective after the Commission issues a Final Order in the proceeding.

On January 18, 2017, the Hearing Examiner convened an evidentiary hearing on the Application and admitted the Stipulation and other evidence into the record.

The Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Report") was entered on November 6, 2017. In his Report, the Hearing Examiner found that:

- (1) Based on the record and Stipulation, VNG requires \$34.1 million (\$20.7 million net of the Company's SAVE Plan costs) in additional gross annual base rate revenues;
- (2) VNG's current cost of equity is within a range of 9.0% - 10.0%, and with the midpoint of the return on equity range of 9.5% to be used to determine the revenue requirement in any non-base rate application or filing where a revenue requirement determination is needed;
- (3) VNG's overall weighted average cost of capital as of September 1, 2017, is 6.86%;
- (4) VNG should be required to implement the rates and terms and conditions set forth in the Stipulation;
- (5) VNG should implement its proposed depreciation rates effective with the July 1, 2016 study date;
- (6) VNG should be directed to refund, with interest as prescribed by the Commission, amounts collected as interim rates for service rendered on and after September 1, 2017, in excess of the rates set forth in the Stipulation;
- (7) VNG should be required to implement the recommendations concerning the QBF rate mechanism in the testimony of Staff witness Davis in its first QBF filing after the date of the Commission's Final Order in this proceeding, except that the Company will continue to manage its gas cost deferral balance on a total system basis;
- (8) VNG's Target Margin stated in Paragraph XX.E.1.c of its terms and conditions should be \$2,258,740; and
- (9) VNG's rate base includes approximately \$140 million of actual SAVE investment through August 31, 2017.<sup>5</sup>

The Hearing Examiner recommended that the Commission adopt the findings in the Report and the Stipulation, and grant the Company a general increase in rates as set forth in the Stipulation.<sup>6</sup> The Hearing Examiner also provided the participants the opportunity to file comments within 10 business days from the

<sup>2</sup> VNG filed corrections to the Stipulation on October 4, 2017, and October 5, 2017.

<sup>3</sup> Doswell, the only other case participant, did not object to the Stipulation. Perrow, Tr. at 13.

<sup>4</sup> Further modifications include: (a) the penalty provision for Rate Schedules 6 and 7 will be revised to state that the "Customer shall pay a penalty of \$30/Mcf plus 1.5 times the highest price of gas delivered to Transco Zone 5 North plus any pipeline and supplier penalties and charges incurred by VNG due to the overtake for any daily unauthorized overtake of gas; and (b) the penalty provision for Rate Schedules 9, 15, and 16 will be revised to state that the "Customer may be subject to a penalty charge of \$30/Mcf plus 1.5 times the highest price of gas delivered to Transco Zone 5 North plus any pipeline and supplier penalties and charges incurred by VNG due to the overtake for each Mcf consumed by the Customer during any period of interruption. See Ex. 33 (Stipulation) at 4.

<sup>5</sup> Report at 68-69.

<sup>6</sup> *Id.* at 69.

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date of the Report.<sup>7</sup> On November 20, 2017, VNG filed a letter supporting the findings and recommendations in the Report.<sup>8</sup> On November 21, 2017, VIGUA and Consumer Counsel filed letters supporting the findings and recommendations in the Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Stipulation is reasonable and should be adopted. The Commission notes, for purposes of clarification, that no determination on the Company's current cost of equity has been made. The Commission is only accepting the cost of equity range in the Stipulation for use in the limited circumstances as outlined therein.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the November 6, 2017 Senior Hearing Examiner's Report hereby are adopted.
- (2) The Stipulation attached hereto as Attachment A is adopted.
- (3) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis on September 1, 2017. VNG forthwith shall file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>. Refunds of interim rates shall be made as required below.
- (4) The Company shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect on an interim basis and subject to refund on September 1, 2017, and where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.
- (5) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly, using the average prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three (3) months of the preceding calendar quarter.
- (6) The refunds ordered herein may be credited to the current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is \$1 or more. The Company may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. The Company may retain refunds to former customers when such refund is less than \$1; however, such refunds shall be made promptly upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.
- (7) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.
- (8) The Company shall bear all costs incurred in effecting the refunds ordered herein.
- (9) This matter is dismissed.

NOTE: A copy of the Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

<sup>7</sup> *Id.*

<sup>8</sup> VNG's letter also made a clarification to page 66 of the Report regarding the stipulated rate for Rate Schedule 2.C.

**CASE NO. PUE-2016-00144  
MARCH 15, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
SCOTT-II SOLAR LLC

For exemption from or approval under Chapter 4, Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On December 21, 2016, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company") and Scott-II Solar LLC ("Scott-II Solar") (collectively, "Applicants") filed an Application with the State Corporation Commission ("Commission") seeking an exemption from the filing and prior approval requirements of the Affiliates Act<sup>1</sup> or, alternatively, approval under the Affiliates Act to enter into a joint access and easement arrangement ("Proposed Easement Arrangement"). The Proposed Easement Arrangement involves two solar generation facilities in Powhatan County that

<sup>1</sup> Section 56-76 *et seq.* of the Code of Virginia ("Code").

will be adjacent and accessible by common roads: (i) a regulated solar facility owned and operated by DVP ("Scott Solar Facility"),<sup>2</sup> and (ii) a merchant solar facility to be constructed, owned, and operated by DVP's affiliate, Scott-II Solar.

In March 2016, the Company entered into a Joint Access Agreement ("Joint Access Agreement") with two unaffiliated parties, Scott Timberland Co., L.P. ("Scott Timberland"),<sup>3</sup> and Virginia Solar Land Holdings LLC ("VA Solar Land"),<sup>4</sup> whereby all three entities confirmed their respective rights and responsibilities regarding the use and maintenance of a common road that all three entities utilize ("Access Road").

In November 2016, VA Solar Land and Scott-II Solar executed a sublease agreement, which granted Scott-II Solar an option to sublease property on which it plans to construct a merchant solar facility. This property is located adjacent to where DVP recently constructed its Scott Solar Facility. The sublease agreement required VA Solar Land to assign part of its rights under the Joint Access Agreement to Scott-II Solar ("Partial Assignment Agreement").<sup>5</sup>

The Applicants represent that while the Joint Access Agreement and the Partial Assignment Agreement do not require Commission approval under the Affiliates Act, the interaction of the two agreements will require DVP and Scott-II Solar, an affiliate of DVP,<sup>6</sup> to coordinate and transact activities with each other for the construction, operation, and maintenance of three roads on the adjacent properties, including the Access Road, which are summarized in the Proposed Easement Arrangement.

The Application states that costs associated with the Proposed Easement Arrangement will be accounted for in operating accounts similar to other operations and maintenance expenses and that costs for the proposed services will be recovered through Rider US-2 or the Company's base rates as applicable.<sup>7</sup> The Applicants state, among other things, that DVP will be responsible for 50% of the maintenance cost associated with the Access Road.<sup>8</sup> Additionally, the Applicants assert that the anticipated annual maintenance cost associated with the Proposed Easement Arrangement is approximately \$200.<sup>9</sup>

NOW THE COMMISSION, upon consideration of the Application and the record herein and having been advised by its Staff, is of the opinion and finds that the Applicants' request to enter into the Proposed Easement Arrangement is in the public interest and should be approved subject to certain requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Proposed Easement Arrangement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

1. The duration of the Commission's approval of the Proposed Easement Arrangement shall be limited to five (5) years from the effective date of the Order in this case. Should DVP wish to continue the Proposed Easement Arrangement after that period, separate Commission approval shall be required.

2. The Commission's approval of the Proposed Easement Arrangement shall be limited to the transactions specifically identified in Subsections (a) through (g) of Line Item 13 on pages 8 and 9 of the Application. If DVP wishes to add a transaction that is not specifically identified herein, separate Commission approval shall be required.

3. Separate Affiliates Act approval shall be required for DVP to perform or receive any services under the Proposed Easement Arrangement through the engagement of an affiliated third party.

4. Separate Commission approval shall be required for any changes in the terms and conditions of the Proposed Easement Arrangement.

<sup>2</sup> The Scott Solar Facility is one of three solar generation facilities approved for construction by DVP in Case No. PUE-2015-00104. See *Application of Virginia Electric and Power Company, For approval and certification for the proposed 2016 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00104, Doc. Con. Cen. No. 160650176, Final Order (June 30, 2016).

<sup>3</sup> Scott Timberland is an unaffiliated, third-party Virginia limited partnership formed to own and operate a timber harvesting and forest management business in Virginia. Scott Timberland owns the property in Powhatan County on which DVP's Scott Solar Facility is located and the adjacent property on which Scott-II Solar's facility will be located.

<sup>4</sup> VA Solar Land is an unaffiliated, third-party Delaware limited liability company formed to acquire, own, and lease properties in Virginia for potential development of solar generation facilities. VA Solar Land has leased the property on which DVP's Scott Solar Facility is located and has rights from Scott Timberland to the land adjacent to the Scott Solar Facility.

<sup>5</sup> Unless terminated before, DVP's sublease of the Scott Solar Facility property expires 35 years after completion of the facility.

<sup>6</sup> DVP is an operating subsidiary of Dominion Resources, Inc., which acquired all the membership interests in Scott-II Solar.

<sup>7</sup> Application, Attachment A at 10.

<sup>8</sup> Staff Action Brief at 3.

<sup>9</sup> *Id.*



5. The approval granted in this case shall not have any ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Proposed Easement Arrangement.

6. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

7. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

8. All transactions associated with the Proposed Easement Arrangement shall be included in DVP's Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

9. In the event that DVP's annual informational filings or expedited or rate case filings are not based on a calendar year, then DVP shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUE-2016-00145  
JANUARY 11, 2017**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For authority to issue common stock

**ORDER GRANTING AUTHORITY**

On December 22, 2016, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") for approval under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia seeking authority to issue additional shares of common stock to the Atmos Energy Corporation Retirement Savings Plan ("RSP"). Atmos has paid the requisite fee of \$250.

In its Application, Atmos requests authority to issue up to 2,000,000 additional shares of common stock through its RSP. Under the RSP, Atmos will match every dollar invested by an employee in the RSP up to a maximum of 4.0% of the employee's annual salary, providing a means for additional investment in Atmos and strengthening each employee's direct interest in the financial success of the Applicant.

The Applicant indicates that funds from the stock issuances will be used for general corporate purposes related to the provision of natural gas service. The Applicant also asserts that the issuance of shares under the RSP is in the public interest because it will ultimately enhance Atmos's position as a strong and financially sound public utility, which will enable the Applicant to obtain more favorable financing to support the provision of safe, reasonable, and adequate service to its customers.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Atmos is hereby authorized to issue and sell up to an additional 2,000,000 shares of common stock through and pursuant to the Atmos Energy Corporation Retirement Savings Plan and Trust under the terms and conditions and for the purposes set forth in the Application.

(2) There being nothing further to be done, this matter is hereby dismissed.

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<sup>1</sup> Va. Code § 56-55 *et seq.*

**CASE NO. PUE-2016-00146  
MARCH 1, 2017**

APPLICATION OF  
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.

For an increase in tolls pursuant to § 56-542 I of the Code of Virginia

**FINAL ORDER**

On December 30, 2016, Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway, filed an application ("Application") with the State Corporation Commission ("Commission") for an increase in tolls pursuant to § 56-542 I of the Code of Virginia ("Code"). TRIP II's Application proposes to increase tolls by 3.04% plus an additional \$0.0213 to recover a portion of the approximately 14.27% increase in local property taxes paid by TRIP II to Loudoun County and the Town of Leesburg in 2016.

On January 6, 2017, the Commission entered an Order for Notice, which docketed the Application; required TRIP II to provide public notification of its Application; permitted the filing of comments on the Application; and directed the Commission Staff ("Staff") to investigate the Application and to file a report containing its findings and recommendations.

On January 26, 2017, TRIP II filed its proof of notice and publication.

On February 6, 2017, the Staff filed its report ("Staff Report").<sup>1</sup> The Staff Report confirmed that the proposed tolls as calculated by TRIP II are accurate and consistent with the Code and Commission precedent.

On February 10, 2017, TRIP II filed a Response to the Staff Report, stating that it agrees with Staff's findings and conclusions.

The Commission also received one public comment on TRIP II's Application as of February 14, 2017.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

Section 56-542 I of the Code states in part:

Effective January 1, 2013, through January 1, 2020, and notwithstanding any other provision of law:

1. Upon application of and public notification by the operator, filed not more often than once within any 12-month period, the Commission shall approve to become effective within 45 days any request to increase tolls by a percentage that (i) is equal to the increase in the [Consumer Price Index], as defined in subsection A, from the date the Commission last approved a toll increase, plus one percent, (ii) is equal to the increase in the real [Gross Domestic Product], as defined in subsection A, from the date the Commission last approved a toll increase, or (iii) 2.8 percent, whichever is greatest, which increase in the tolls approved by the Commission is hereafter referred to as the "annual percentage increase."
2. The operator additionally may request in an application made pursuant to subdivision I 1, and the Commission shall further approve, an addition to the toll increase to allow the operator to include, in its tolls, the amount by which its local property taxes paid in the immediately preceding calendar year increased by more than the annual percentage increase above such payments for the previous calendar year.

Sections 56-542 I (1) and (2) of the Code grant the Commission no discretion to reject a toll rate increase that meets the terms of those statutory provisions. The Company asserted in its Application, and the Staff confirmed, that the change in the Consumer Price Index since the date the Commission last approved a toll increase,<sup>2</sup> plus one percent, is greater than 2.8% and the change in the real Gross Domestic Product. The Staff also verified the Company's requested addition to the toll increase to recover a portion of the 2016 increases in the Company's local property taxes.

Accordingly, pursuant to the requirements of § 56-542 I of the Code, the Commission approves an increase in tolls of 3.04% plus an additional \$0.0213 to recover a portion of the 2016 increases in the Company's local property taxes from Loudoun County and the Town of Leesburg. Additionally, TRIP II shall file forthwith a revised tariff consistent with the findings in this Final Order.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

<sup>1</sup> On February 7, 2017, the Staff filed the Appendix, which had inadvertently been omitted from the Staff Report.

<sup>2</sup> See *Application of Toll Road Investors Partnership II, L.P., For an increase in tolls pursuant to § 56-542 I of the Code of Virginia*, Case No. PUE-2015-00137, Doc. Con. Cen. No. 160230121, Final Order (Feb. 17, 2016).

**CASE NO. PUE-2016-00147  
MARCH 29, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to engage in an affiliate transaction pursuant to Va. Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On December 30, 2016, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting approval to release permanently its MarketLink and Leidy East interstate pipeline transportation capacity contracts ("Capacity Contracts") with Transcontinental Gas Pipe Line Company LLC ("Transco") to an affiliated company, WGL Midstream Inc. ("Midstream"). WGL represents that it no longer uses the Capacity Contracts to serve native load because they have been unreliable sources for supply since 2013. WGL states that it contracted for alternative firm capacity to ensure that it could maintain adequate service and therefore will not use the Capacity Contracts to serve native load in the future. The Company states that its proposed release

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

of the Capacity Contracts is similar to the circumstances in Case No. PUE-2013-00063 in which the Commission approved WGL's transfer of two storage capacity resources to Midstream because they were no longer useful in serving WGL's native load.<sup>2</sup>

The Company represents that even though it is not using the Capacity Contracts to supply natural gas to its customers, it has continued to optimize the use of the Capacity Contracts as part of its Asset Optimization Program ("AOP").<sup>3</sup> Currently, these contracts' transactions flow through the AOP, and demand charges are reflected as a reduction to revenues within this mechanism. Upon transfer, approximately \$7.5 million in annual demand charges will no longer be netted against asset optimization revenues. The Company represents that there will also be a drop in overall asset optimization revenues; however, the exact impact is unknown because the Company states it cannot separate revenues by specific contract because optimization transactions typically utilize more than one contract capacity path; thus, it is not possible to determine an exact valuation produced for each contract. The Company does, however, believe that these Capacity Contracts currently provide net positive value to the AOP.

Upon transfer, all revenues and demand charges associated with the Capacity Contracts will be removed from the Company's AOP and any associated risks will likewise be transferred to Midstream. The Company believes that Midstream's deployment of the Capacity Contracts in wholesale trading will produce revenues at least equal to the current level of interstate pipeline demand charges levied by Transco.

WGL proposes to fully transfer all rights and associated obligations of the Capacity Contracts to Midstream in accordance with the procedures in the Transco tariff and in full compliance with all applicable Federal Energy Regulatory Commission ("FERC") regulations, including those relating to transfer at maximum FERC tariff rates applicable to each of the resources, and the designation of a replacement shipper. The Company will not receive any consideration from Midstream, and it will not be charged any costs associated with the transfer.

NOW THE COMMISSION, upon consideration of this matter, and having considered WGL's comments regarding the Commission Staff's draft action brief and having been advised by its Staff, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, WGL hereby is granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.
- (2) This case is dismissed.

#### APPENDIX

1. The Company shall submit to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") a final invoice from Transco to demonstrate a zero balance, and Midstream shall submit an initial invoice from Transco to demonstrate the maximum rate of demand charges. WGL shall provide these invoices to Staff within thirty (30) days of the effective date set forth by Transco. The UAF Director may provide an extension administratively, if necessary.

2. The Company and the Commission Staff shall discuss the tracking of net revenues from asset optimization and, to the greatest extent practicable, shall agree on a reporting standard that tracks revenues in the AOP in such a manner that a contract's value may be approximated.

3. If any pipeline or storage capacity contracts originally acquired to serve native load are projected to become unreliable sources of system supply, the Company shall submit to the UAF Director a narrative describing such circumstances and any resulting proposed portfolio adjustments within ninety (90) days of such determination.

4. The Commission approves WGL's release of all contracts being used solely for asset optimization – and not being used to supply native load – as the Company does not object to such release and has already initiated the termination process for such contracts. WGL shall file a notice confirming the release of each such contract with the UAF Director within ninety (90) days of the Order. The UAF Director may provide an extension administratively, if necessary.

5. The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the MarketLink and Leidy East Capacity Contracts, any other released contracts, or the transfer to Midstream.

6. Separate Commission approval shall be required should Midstream wish to release the Capacity Contracts to the Company at a later date.

7. The approval granted herein shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.

8. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

<sup>2</sup> See *Petition of Washington Gas Light Company, For a declaratory judgment*, Case No. PUE-2013-00063, 2015 S.C.C. Ann. Rept. 196, Final Order (Apr. 15, 2015). The Commission adopted the Hearing Examiner's finding "that [the storage facilities] capacity is not and will not be needed to provide utility service to ratepayers" and approved the transfer of the storage facilities pursuant to the Affiliates Act.

<sup>3</sup> The AOP is the Company's asset management arrangement, which is intended to optimize the utilization of certain storage and transportation capacity resources contracted by WGL when such resources are not required to serve the demand of WGL's customers. Net profits from the AOP are shared between the Company, its ratepayers, and the third-party consultant who manages the AOP. Ratepayers' share of AOP net profits are credited to customers.

9. All transactions associated with the Capacity Contracts shall be included in WGL's Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director.

10. In the event that WGL's Annual Informational Filings or expedited or rate case filings are not based on a calendar year, WGL shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUR-2017-00002  
SEPTEMBER 8, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On January 12, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Fairfax County, Virginia ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

Dominion proposes to rebuild, relocate, and replace a number of facilities and lines in and around the Company's existing Idylwood Substation ("Idylwood Station" or "Station") in Falls Church, Virginia (collectively, the "Rebuild Project"). According to the Application, the Company proposes to shift the existing Station footprint within Company-owned property in order to rebuild and rearrange the Idylwood Station from a straight bus arrangement to a breaker-and-a-half arrangement using Gas Insulated Substation ("GIS") bus and breakers.<sup>1</sup>

On January 30, 2017, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

On March 8, 2017, the Fairfax County Board of Supervisors ("Fairfax") filed a notice of participation in this proceeding. On March 13, 2017, Maryl A. Kerley filed a notice of participation in this proceeding.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Project by the appropriate agencies and to provide a report on the review. On March 24, 2017, DEQ filed with the Commission its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.<sup>2</sup> The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the proposed Rebuild Project. The Company should:

- Follow DEQ's recommendations regarding erosion and sediment control and storm water management, as applicable;
- Follow DEQ's recommendations regarding air quality protection, as applicable;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage for updates to the Biotics Data System database if six months have passed before the project is implemented or if the scope of work changes;
- Follow the Department of Aviation's recommendation to coordinate with the Federal Aviation Administration to ensure compliance with federal aviation regulations and determine whether further study of impacts from this project is necessary;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with the Virginia Department of Transportation regarding its questions related to the "Special Exception Plat and 2232 Plan" included in the application.<sup>3</sup>

<sup>1</sup> Ex. 2 (Application) at 2.

<sup>2</sup> Ex. 8 (DEQ Report).

<sup>3</sup> *Id.* at 5. The DEQ Report also noted that the DEQ Northern Regional Office recommended that the Company consider utilizing permeable paving for parking areas and walkways, where appropriate. *See id.* at 8.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On May 16, 2017, Fairfax filed its testimony and exhibits which, among other things, addressed the need for the Rebuild Project, the visual impacts of transmission lines terminating at the Idylwood Substation, the use of GIS technology, and tree and soil conservation at the Idylwood Substation.

On May 30, 2017, Staff filed its testimony and exhibits summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion had reasonably demonstrated the need for the proposed Rebuild Project and that the proposed Rebuild Project minimizes incremental impact to existing residences, scenic assets, historic districts, and the environment.<sup>4</sup>

On June 13, 2017, Dominion filed rebuttal testimony which, among other things, stated that the Company generally agrees with the report filed by the Commission Staff;<sup>5</sup> stated that a third party consultant, Burns and McDonnell, was performing an independent review of the construction bus,<sup>6</sup> addressed the inclusion of a 230 kilovolt ("kV") GIS breaker and other components that relate to a future project,<sup>7</sup> discussed the Company's proposal for the Hybrid Bus as an alternative to the High Bus,<sup>8</sup> and addressed the recommendations in the DEQ report.<sup>9</sup>

On June 19, 2017, the Company filed supplemental rebuttal testimony which addressed certain conclusions in the Burns and McDonnell Report and explained specific segments of the High Bus in response to questions from the public.

On April 3, 2017, a public hearing was held in Fairfax, Virginia. Seven public witnesses testified at the hearing. On May 10, 2017, a public hearing was held in Richmond, Virginia. No witnesses appeared to testify at the hearing.

On June 27, 2017, a hearing was convened in which Dominion, Fairfax, and Staff introduced evidence into the record.<sup>10</sup> Dominion, Fairfax, and Staff, among other things, addressed the issue of the inclusion of components relating to a future project within the scope of the Rebuild Project.<sup>11</sup>

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on August 9, 2017. In his Report, the Hearing Examiner found that:

- (1) The Rebuild Project is needed because based on the 2017 PJM Interconnection, LLC ("PJM") Load Forecast, a North American Electric Reliability Corporation ("NERC") reliability criteria violation would occur in 2022 without the Rebuild Project; it will enable the Company to maintain the overall long-term reliability of its transmission system; and the Rebuild Project would allow the Company to maximize available land at Idylwood Substation to accommodate potential future transmission terminations and transformation;<sup>12</sup>
- (2) The Rebuild Project is justified by the public convenience and necessity;
- (3) The High Bus (as opposed to the Hybrid Bus) should be approved;
- (4) The breaker for the future Idylwood North project should be included in this Rebuild Project;
- (5) The backbone structure, two phase wires and shield wire associated with the future Idylwood North project should not be included in this Rebuild Project;
- (6) The Rebuild Project will maximize the use of existing rights-of-way and no new right-of-way will be required;
- (7) The recommendations contained in the DEQ Report are, with the qualifications set forth in the Report,<sup>13</sup> reasonable and should be adopted by the Commission as conditions of approval;
- (8) The Rebuild Project is essential to support ongoing economic development and to provide reliable electric service in Fairfax County and Northern Virginia;
- (9) The Rebuild Project is not suitable for underground construction; and

<sup>4</sup> Ex. 11 (Upton Direct) Report at 29.

<sup>5</sup> Ex. 12 (Gill Rebuttal) at 2.

<sup>6</sup> *Id.* at 3-4.

<sup>7</sup> *See, e.g.*, Ex. 12 (Gill Rebuttal) at 5-6; Ex. 13 (Heisey Rebuttal) at 3-6; Ex. 14 (Velazquez Rebuttal) at 6-7.

<sup>8</sup> Ex. 14 (Velazquez Rebuttal) at 3-5.

<sup>9</sup> Ex. 16 (Clements Rebuttal) at 4-9.

<sup>10</sup> Maryl A. Kerley filed a notice of participation but did not otherwise participate in this proceeding.

<sup>11</sup> *See, e.g.*, June 27, 2017 Tr. 17-35.

<sup>12</sup> Report at 23.

<sup>13</sup> *See* Report at 25. The Hearing Examiner found that the stone used by the Company for parking areas and walkways should be considered permeable, and the Company should not be required to use permeable paving for the Substation area. Further, the Hearing Examiner stated that the Company's coordination with DCR for updates to the Biotics Data System should only be required if twelve months (instead of six months) have passed from the date of the Commission's Final Order before the project commences construction or if the scope of the project involves material changes. *Id.* at 25.

(10) There are no feasible alternatives to the Company's proposed Rebuild Project.<sup>14</sup>

On August 16, 2017, Dominion and Fairfax filed comments on the Hearing Examiner's Report. Dominion stated that the Company supports all of the findings and recommendations contained in the Report but noted one minor correction. Specifically, the proposed Substation layout will provide fifteen, and not twelve, 230 kV breakers in the breaker-and-a-half configuration.<sup>15</sup>

Fairfax stated that: all components not needed for this project should be rejected by the Commission or, alternatively, if the Commission accepts the Hearing Examiner's recommendation that the 230 kV GIS breaker be approved, this should be given no weight in future Dominion transmission line applications;<sup>16</sup> commitments made by Dominion during the Commission process and during the local zoning site development process should be made legally binding commitments by the Commission;<sup>17</sup> and any finding made by the Hearing Examiner relating to the undergrounding of the Hybrid Bus option should not be extrapolated into or considered with other applications for future transmission lines.<sup>18</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project. The Commission finds that a certificate of public convenience and necessity authorizing the Rebuild Project should be issued subject to certain findings and conditions contained herein.

#### Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

#### Public Convenience and Necessity

The Commission finds that the Company's rebuild and reconfiguration of the Idylwood Substation is needed. As found by the Hearing Examiner, the rebuild and reconfiguration is needed because a NERC reliability criteria violation would occur in 2022 without the Rebuild Project, it will enable the Company to maintain the overall long-term reliability of its transmission system, and it will allow the Company to maximize available land at the Idylwood Substation to accommodate potential future transmission terminations and transformation.<sup>19</sup>

The Commission further finds that it will approve, as part of of the Rebuild Project, the additional GIS breaker needed for the Idylwood to Tysons 230 kV transmission line project, for which the Company plans to file an application in the fourth quarter of 2017. Under the specific circumstances of this case and without prejudging the need for any future line, we find that it is prudent to include this component in the instant case for safety reasons during the construction process that would occur if the Idylwood to Tysons transmission line is approved and to limit outages to customers associated with that construction process. We find that the other proposed components, which the Company asserts are needed for the Idylwood to Tysons transmission

<sup>14</sup> Report at 25-26.

<sup>15</sup> Comments of Virginia Electric and Power Company on the Report of Howard P. Anderson, Jr., Hearing Examiner filed August 9, 2017, at 1.

<sup>16</sup> Comments by the Fairfax County Board of Supervisors on August 9, 2017 Report of Hearing Examiner at 2-3.

<sup>17</sup> *Id.* at 3-4.

<sup>18</sup> *Id.* at 4.

<sup>19</sup> Report at 23.

line — specifically a 75-foot backbone structure, two phase conductors, and shield wires — do not present the same safety and customer concerns as the GIS breaker and therefore are not approved as part of the Rebuild Project.<sup>20</sup>

Additionally, for the reasons set forth in the Hearing Examiner's Report, the Commission finds that the High Bus should be approved.<sup>21</sup>

#### Economic Development

The Commission finds that the Rebuild Project will promote economic development in the Commonwealth of Virginia, including the area of the Rebuild Project, by resolving potential NERC and PJM reliability standard violations and improving the operational performance of the Substation.<sup>22</sup>

#### Rights-of-Way and Routing

Dominion has adequately considered existing rights-of-way. The Rebuild Project, as proposed, would be constructed entirely on property and existing rights-of-way already owned and maintained by the Company.<sup>23</sup>

#### Scenic Assets and Historic Districts

As noted above, the Rebuild Project will be located on property and within existing rights-of-way already owned and maintained by Dominion. The Commission finds that use of the existing route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.

However, the Company made certain commitments in the record of this case during the course of this proceeding:

- The Company remains committed to discuss necessary corrective measures for the tree save area or any other protective measures for vegetation along the boundaries of the Substation site.<sup>24</sup>
- The Company will implement full protection measures for the tree save area as outlined in the Special Exception approval from Fairfax.<sup>25</sup>
- If evidence of tree mortality becomes apparent, the Company and/or the adjacent property owner can coordinate the appropriate response.<sup>26</sup>
- As part of the Special Exception Amendment ("SEA") application and the early rough grading plan, the Company will work with Fairfax County planning staff to determine and implement supplemental or corrective measures as appropriate.<sup>27</sup>
- The Company remains committed to preserving the tree save area as outlined in the approved Development Conditions. If Fairfax amends the Development Conditions, the Company would commit to additional measures including removing the invasive vines and dead limbs, mulching the tree save area, and planting new understory vegetation as part of the SEA approval. The Company would support a development condition that involves a one-time clean-up of the tree save area and includes supplemental landscaping in the overall bond for landscaping if that is the desire of the Hollycrest and Dominion Heights communities.<sup>28</sup>
- The Company commits to making a re-inventory of the existing trees to determine if they can be retained or should be removed; to evaluating and remediating any degraded soil conditions prior to planting the transitional screening plant material; to monitoring plant health for both off-site trees that may be retained and the new landscaping material; and to maintaining the existing and future trees planted as landscaping on the Substation property.<sup>29</sup>
- The Company will remove the gravel and restore the soils in any necessary area.<sup>30</sup>
- The Company will identify where degraded soils may be located and commit to their restoration prior to planting.<sup>31</sup>

<sup>20</sup> See, e.g., Ex. 13 (Heisey Rebuttal) at 3-6.

<sup>21</sup> Report at 24.

<sup>22</sup> See, e.g., Ex. 11 (Upton Direct) Report at 26.

<sup>23</sup> See, e.g., *Id.* at 24; Ex. 2 (Appendix) at 59.

<sup>24</sup> Ex. 16 (Clements Rebuttal) at 11.

<sup>25</sup> *Id.* at 11. The Special Exception, approved by Fairfax, permits an electrical substation and telecommunication facility subject to conformance with certain development conditions.

<sup>26</sup> *Id.* at 12.

<sup>27</sup> *Id.* at 14.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.* at 15.

<sup>30</sup> *Id.* at 16.

<sup>31</sup> *Id.*

We find that the Company shall comply with the commitments as outlined above as a condition of our approval herein. We decline to condition our approval on commitments that may have been made by Dominion in other contexts outside of the record in this case.

#### Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.<sup>32</sup> We therefore find that as a condition of our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report with the following exceptions. The Commission adopts the Hearing Examiner's recommendation that the Company shall consult with DCR for updates to the Biotics Data System only if: (i) the scope of the Rebuild Project involves material changes, or (ii) 12 months from the date of this Order pass before the Rebuild Project commences construction.<sup>33</sup> The Commission further adopts the Hearing Examiner's recommendation that the stone used by the Company for parking and walkways should be considered permeable. The Company should not be required to use permeable paving for the Substation area.<sup>34</sup> Further, Dominion should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Project as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to Dominion:

Certificate No. ET-7900, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Fairfax County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2017-00002; cancels Certificate No. ET-79nn, issued to Virginia Electric and Power Company on October 19, 2016, in Case No. PUE-2016-00067.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein, in addition to the facilities shown on the map for cancelled Certificate No. ET-79nn.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by May 31, 2020. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

<sup>32</sup> The DEQ recommendations are set forth above and discussed in Ex. 8 (DEQ Report).

<sup>33</sup> Report at 20.

<sup>34</sup> *Id.* at 25.



**CASE NO. PUR-2017-00003  
MARCH 1, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 4, 2017, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting one modification to the currently operative services agreement under which AGSC provides administrative, management, and other centralized shared services ("Centralized Services") to VNG ("Second Revised Agreement").<sup>1</sup> Specifically, the Applicants seek authorization for Georgia Power Company ("Georgia Power"), a regulated affiliate of VNG, to assist AGSC in providing the 17 categories of Centralized Services to VNG. The Applicants filed the Application pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"), § 56-76 *et seq.*, and Requirement (6) in the Appendix of the June 29, 2016 Order Granting Approval issued by the Commission in Case No. PUE-2016-00055.<sup>2</sup> In conjunction with the Application, the Applicants filed the Motion of Virginia Natural Gas, Inc. and AGL Services Company for Interim Authority to Operate under the Second Revised Services Agreement, and for Expedited Consideration ("Motion"). The Motion sought interim authority for Georgia Power to provide immediately through AGSC to VNG certain security and safety related services under the Legal Services and Risk Management category of Centralized Services ("Immediate Services") in order to unify enterprise-wide security and provide safety protocols across the Southern system of companies. On January 24, 2017, the Commission granted the Motion.

The Applicants represent that Georgia Power will provide three types of Immediate Services: (1) Badging Services; (2) Security Services; and (3) Mail and Mailroom Services.<sup>3</sup> The Badging Services will consist of: (1) Badge Provisioning - programming physical access control systems ("PACS") to allow or deny employee access; (2) Badge Creation - physically assembling identification badges, including the badge, the employee's photograph, name, title, badge holder, retractable belt clip, etc.; and (3) PACS troubleshooting. The Security Services will consist of: (1) Physical Security Consulting; and (2) Project Management Services. Physical Security Consulting consists of understanding the specific security needs articulated by the business unit leadership and then developing a physical security system to help the business unit deter, detect, delay, respond to, and recover from potential physical security events. The physical security services can include: (1) closed-circuit television and forward looking infrared radiometers; (2) detection systems such as fence vibration, building, gunshot, and drone detection systems; (3) ground radar; (4) "Smart" LED lighting; (5) barrier to entry systems such as anti-climb/anti-cut fencing, vehicle barriers, PACS, personnel anti-tailgating systems, high security locks, and emergency access/alternate locking systems; (6) ballistic shielding; and (7) license plate recognition systems. Regarding Mail and Mailroom Services, Southern Company Gas ("SCG", formerly AGL Resources Inc.) plans to transition from a third party vendor to a Georgia Power mailroom employee for the distribution and delivery of all intercompany and other mail distributed through SCG's headquarters to its affiliates (excluding Nicor Gas Company). Going forward, VNG's headquarters will receive intercompany mail via an overnight mail service three times per week.

The Applicants represent that the Immediate Services will be provided by experienced Georgia Power employees, be overseen by SCG executive leadership, and comply with all federal, state, and local laws and regulations.<sup>4</sup> Except for rare consulting visits, there are no plans for Georgia Power employees to be physically present at VNG sites. The Applicants specifically state that the Security Services will not include the provision of armed or unarmed guard services.<sup>5</sup> The Applicants represent that Georgia Power will provide the Immediate Services through AGSC to VNG at fully distributed cost.<sup>6</sup> Finally, the Applicants indicate that plans continue to evolve as to whether AGSC will employ Georgia Power to provide any Centralized Services in addition to the Immediate Services to VNG.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Second Revised Agreement is in the public interest and should be approved subject to certain requirements outlined in the Appendix attached to this Order. We find specifically that while sharing routine "back office" corporate and administrative services between affiliates is normally in the public interest, there are certain activities where the additional risks to the Virginia utility can outweigh any cost-sharing benefits. To mitigate such risks here, we will require that any affiliate employee that provides construction or maintenance-related service to VNG under the Second Revised Agreement should be qualified in accordance the Virginia Enhanced Operator Qualifications for the service provided. We will also require that VNG's receipt of Security Services from

<sup>1</sup> The Commission has approved previous versions of the VNG-AGSC services agreement in seven cases since 2000. The last three Orders (Case Nos. PUE-2015-00079, PUE-2016-00055, and PUE-2016-00121) are still in effect. *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00121, Doc. Con. Cen. No. 170110119, Order Granting Approval (Jan. 10, 2017); *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amended and restated services agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2016-00055, Doc. Con. Cen. No. 160650067, Order Granting Approval (Jun. 29, 2016); and *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amendment to a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00079, 2015 S.C.C. Ann. Rept. 367, Order Granting Approval (Oct. 9, 2015).

<sup>2</sup> *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amended and restated services agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2016-00055, Doc. Con. Cen. No. 160650067, Order Granting Approval (Jun. 29, 2016)

<sup>3</sup> Applicants' Response to Staff Data Request 1-1.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Applicants' Response to Staff Data Request 1-5.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Georgia Power through AGSC should not compromise the security of any VNG assets and personnel, and should not compromise the provision of reliable natural gas service to customers.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the proposed Second Revised Agreement is approved subject to the requirements outlined in the Appendix attached to this Order.

(2) This case is dismissed.

## APPENDIX

1. The Commission's approval in this case supplements its Orders granting approval in Case Nos. PUE-2015-00079, PUE-2016-00055, and PUE-2016-00121 ("Prior Orders").

2. The Commission's approval of the Second Revised Agreement shall extend through October 9, 2020. Should the Applicants wish to continue under the Second Revised Agreement beyond that date, separate Commission approval shall be required.

3. The Commission hereby limits its approval in this case to Georgia Power ("Affiliated Third Party") and the Centralized Services identified in the Second Revised Agreement. Should VNG wish to add an Affiliated Third Party or a Centralized Service that is not identified in the Second Revised Agreement or Prior Orders, separate Commission approval shall be required.

4. Any affiliate employee that provides construction or maintenance-related service to VNG under the Second Revised Agreement shall be qualified in accordance the Virginia Enhanced Operator Qualifications for the service provided.

5. VNG's receipt of Security Services from Georgia Power through AGSC shall not compromise the security of any VNG assets and personnel and shall not compromise the provision of reliable natural gas service to customers.

6. The Commission's approval has no ratemaking implications. Specifically, the approval in this case does not guarantee the recovery of any costs directly or indirectly related to the Second Revised Agreement.

7. Separate Commission approval shall be required for any changes in the terms and conditions of the Second Revised Agreement, including any changes in Centralized Services provided, allocation methodologies, and successors or assigns.

8. VNG is required to maintain records to demonstrate that any Centralized Services provided by Georgia Power through AGSC to VNG are cost-beneficial to Virginia customers. For any Centralized Services provided by Georgia Power through AGSC to VNG where a market may exist, VNG shall investigate whether alternative service providers are available and, if they exist, VNG shall compare the market price to VNG's costs and pay AGSC the lower of cost or market. VNG shall bear the burden, in any rate proceeding, of demonstrating that the Centralized Services provided by Georgia Power through AGSC to VNG under the Second Revised Agreement were priced at the lower of cost or market where a market exists.

9. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

10. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

11. All transactions under the Second Revised Agreement shall be included in VNG's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director, and shall contain the following information:

- (a) The most recent case number under which the Second Revised Agreement was approved;
- (b) The name and type of activity performed by each affiliate under the Second Revised Agreement; and
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior calendar year's transactions by month, type of service, FERC account, and dollar amount.

12. In the event that VNG's annual informational filings or expedited or general rate case filings are not based on a calendar year, then VNG shall include the affiliate information contained in its ARAT for the test period in such filings.

13. VNG shall file with the Commission a signed and executed copy of the Second Revised Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the UAF Director.

**CASE NO. PUR-2017-00004  
DECEMBER 11, 2017**

PETITION OF  
APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For a waiver of the Annual Informational Filing for the twelve-month period ended September 30, 2016

**ORDER GRANTING RECONSIDERATION**

On November 21, 2017, the State Corporation Commission ("Commission") issued a final order ("Order") in this docket. On December 8, 2017, Washington Gas Light Company filed a Petition for Reconsideration ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of this matter, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.
- (2) Pending the Commission's reconsideration, the Order is suspended.
- (3) This matter is continued generally.

**CASE NO. PUR-2017-00005  
MARCH 13, 2017**

JOINT PETITION OF  
THE POTOMAC EDISON COMPANY  
and  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of the sale of land to Rappahannock Electric Cooperative

**ORDER GRANTING APPROVAL**

On January 17, 2017, The Potomac Edison Company ("Potomac Edison") and Rappahannock Electric Cooperative ("REC") (collectively, "Petitioners") completed the filing of a joint petition ("Petition") with the State Corporation Commission ("Commission") requesting approval, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> to dispose of and acquire utility assets.

The Petition states that Potomac Edison proposes to sell to REC, for a price of \$2,234.33, approximately 8.2 acres of land located at the Hazel distribution substation in the Salem District of Culpeper County, Virginia (the "Hazel Land"). The proposed transaction would occur pursuant to an option agreement executed at the time of the transfer of Potomac Edison's electric distribution system assets to REC in 2010.<sup>2</sup> The Hazel Land would have been transferred to REC in 2010 but for a pre-existing right of first refusal held by a third party, which has since expired. REC wishes to own the Hazel Land so that, among other things, it could expand the existing substation if the need to do so ever arises.

The Petitioners represent that the transfer of this parcel of land for the proposed price would neither impair nor jeopardize adequate service to the public at just and reasonable rates.

NOW THE COMMISSION, upon review of the Petition, is of the opinion and finds that the sale of land from Potomac Edison to REC will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, we will approve the proposed transfer subject to the requirements listed in the attached Appendix, which are necessary to protect the public interest.

<sup>1</sup> Code § 56-88 *et seq.*

<sup>2</sup> The Hazel Land is the site of a utility plant that was acquired by REC as a result of the acquisition of a portion of Potomac Edison's Virginia service territory. The acquisition was finalized on June 1, 2010. See *Joint Petition of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and the Potomac Edison Company d/b/a Allegheny Power, For approval of the purchase and sale of service territory and facilities, for the issuance of, and cancellation of, certificates of public convenience and necessity, and for approval of special, transitional, rate schedules*, Case No. PUE-2009-00101, 2010 S.C.C. Ann. Rept. 391, Order (May 14, 2010); *Joint Petition of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and the Potomac Edison Company d/b/a Allegheny Power, For approval of the purchase and sale of service territory and facilities, for the issuance of, and cancellation of, certificates of public convenience and necessity, and for approval of special, transitional, rate schedules*, Case No. PUE-2009-00101, Doc. Con. Cen. No. 100620088, Report of Action (June 4, 2010).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88 *et seq.* of the Code, the Petitioners are hereby granted approval of the Petition as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

1. The Commission's Utility Transfers Act approval shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the proposed transfer.

2. Within thirty (30) days of completing the proposed transfer, the Petitioners shall file a Report of Action with the Commission that shall include the date of the transfer and the accounting entries related to the transfer.

3. Approval of the Petition shall not be deemed to include any authorizations other than the authority to dispose of and acquire the Hazel Land pursuant to the Utility Transfers Act.

### CASE NO. PUR-2017-00006 MAY 2, 2017

JOINT PETITION OF  
PEOPLES MUTUAL TELEPHONE COMPANY d/b/a FAIRPOINT COMMUNICATIONS;  
FAIRPOINT COMMUNICATIONS, INC.;  
CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.;  
and  
CONSOLIDATED COMMUNICATIONS, INC.

For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia

#### ORDER GRANTING APPROVAL

On January 17, 2017, Peoples Mutual Telephone Company d/b/a FairPoint Communications ("Peoples Mutual"); FairPoint Communications, Inc. ("FairPoint"); Consolidated Communications Holdings, Inc. ("CCHI"); and Consolidated Communications, Inc. ("CCI") (collectively, "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> requesting authority to allow CCHI and CCI to acquire indirect control of Peoples Mutual in connection with CCHI's acquisition of FairPoint ("Proposed Transfer").

Peoples Mutual is a small rural incumbent local exchange company authorized to provide local exchange telecommunications services in Virginia<sup>2</sup> and a wholly owned subsidiary of FairPoint. CCI is a wholly owned subsidiary of CCHI and is the direct or indirect parent of subsidiaries that are licensed telecommunications companies providing service in 11 states. Pursuant to an Agreement and Plan of Merger dated December 3, 2016, FairPoint stock will be exchanged for CCHI stock, and CCHI will contribute all of the equity interest in FairPoint to CCI, resulting in: (i) CCHI becoming the indirect parent company of FairPoint and all of FairPoint's operating subsidiaries, including Peoples Mutual; and (ii) CCI becoming the direct parent company of FairPoint and the indirect parent company of all of FairPoint's operating subsidiaries, including Peoples Mutual.<sup>3</sup>

The Petitioners represent that the Proposed Transfer will not change the services Peoples Mutual provides to customers, or the rates, terms and conditions of the service, nor impair or jeopardize adequate service. The Petitioners further state that Peoples Mutual will continue to have the financial, managerial, and technical resources necessary to provide local exchange telecommunications services to its customers under CCHI's and CCI's indirect ownership and control. The Petitioners assert that CCHI and CCI bring significant managerial and technical experience that they will contribute to Peoples Mutual. The Petitioners state that CCHI's operating subsidiaries have provided telecommunications services since 1894, and that CCHI management has significant experience operating incumbent local exchange companies in rural markets.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved.<sup>4</sup>

<sup>1</sup> Code § 56-88 *et seq.*

<sup>2</sup> In Case No. 10478, the Commission issued Peoples Mutual certificates of public convenience and necessity authorizing it to provide local exchange telecommunications services in Virginia. The Commission originally issued Certificate Nos. T-106 and T-283 on April 11, 1951, and June 20, 1968, respectively.

<sup>3</sup> Under the terms of the Incremental Term Loan, CCHI and certain existing and subsequently acquired subsidiaries of CCHI, including Peoples Mutual, are required to act as guarantors with respect to CCI's obligations under the Incremental Term Loan. Peoples Mutual filed an application docketed as Case No. PUR-2017-00016 to request Commission approval pursuant to Chapters 3 and 4 of Title 56 of the Code to participate in the financing arrangement.

<sup>4</sup> Our review of the financing arrangement associated with the Proposed Transfer is addressed separately in Case No. PUR-2017-00016 by order issued this same day.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date the transfer occurred.
- (3) This case is dismissed.

**CASE NO. PUR-2017-00007  
MAY 11, 2017**

JOINT PETITION OF

LEVEL 3 COMMUNICATIONS, INC.; LEVEL 3 COMMUNICATIONS, LLC;  
LEVEL 3 TELECOM OF VIRGINIA, LLC; LEVEL 3 COMMUNICATIONS OF VIRGINIA, INC.;  
BROADWING COMMUNICATIONS, LLC; GLOBAL CROSSING TELEMAGEMENT VA, LLC;  
TELCOVE OPERATIONS, LLC; CENTURYLINK, INC.;  
CENTRAL TELEPHONE COMPANY OF VIRGINIA d/b/a CENTURYLINK;  
UNITED TELEPHONE SOUTHEAST LLC d/b/a CENTURYLINK;  
and  
CENTURYLINK COMMUNICATIONS, LLC

For approval of transfer of control pursuant to Va. Code § 56-88 *et seq.*

**FINAL ORDER**

On January 17, 2017, Level 3 Communications, Inc. ("Level 3"); Level 3 Communications, LLC ("Level 3 LLC"); Level 3 Telecom of Virginia, LLC ("Level 3 Telecom VA"); Level 3 Communications of Virginia, Inc. ("Level 3 Communications VA"); Broadwing Communications, LLC ("Broadwing"); Global Crossing Telemagement VA, LLC ("GC-VA"); TelCove Operations, LLC ("TelCove"); CenturyLink, Inc. ("CenturyLink"); Central Telephone Company of Virginia d/b/a CenturyLink ("Centel Virginia"); United Telephone Southeast LLC d/b/a CenturyLink ("United Southeast"); and CenturyLink Communications, LLC ("CLC") (collectively, "Petitioners"),<sup>1</sup> filed a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> requesting approval for (i) the transfer of control of Level 3's certificated Virginia operating subsidiaries -- namely Level 3 LLC, Level 3 Telecom VA, Level 3 Communications VA, Broadwing, GC-VA, and TelCove (collectively, "Level 3 OpCos") -- to CenturyLink, and (ii) the transfer of minority control of CenturyLink's certificated Virginia operating subsidiaries, Centel Virginia, United Southeast, and CLC (collectively, "CenturyLink OpCos"), to Level 3's shareholders. ("Proposed Transfers").<sup>3</sup>

According to the Petition, an Agreement and Plan of Merger was entered into on October 31, 2016, through which Level 3 will be merged into a wholly owned subsidiary of CenturyLink.<sup>4</sup> The Petitioners state that as a result of the merger, CenturyLink will acquire indirect control over Level 3 and each of its subsidiaries, including the Level 3 OpCos.<sup>5</sup> The Level 3 OpCos and CenturyLink OpCos are authorized to provide telecommunications services in the Commonwealth of Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>6</sup> The Petitioners further assert that upon the closing of the transaction, CenturyLink shareholders will own approximately 51% and Level 3 shareholders will own approximately 49% of the combined company.<sup>7</sup>

In support of the Proposed Transfers, the Petitioners assert that the standard of review provided in Code § 56-88.1 is met as the Petitioners currently possess the financial, managerial, and technical resources to render local exchange telecommunications services, as evidenced by their current certifications and provision of these services, and will retain such resources following the completion of the Proposed Transfers.<sup>8</sup> The Petitioners further represent that the Proposed Transfers will not negatively affect existing consumer services or contractual obligations and that the Level 3 OpCos and CenturyLink OpCos will continue to offer services as they do presently and subject to the same rules, regulations, and applicable tariffs or price lists.<sup>9</sup>

<sup>1</sup> Wildcat Holdco LLC and WWG Merger Sub LLC are considered to be Petitioners also and have provided the statutorily required verifications.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> Petition at 1-2; February 1, 2017 Supplement to Petition at 1.

<sup>4</sup> Petition at 5-6.

<sup>5</sup> *Id.* at 6.

<sup>6</sup> *Id.* at 3-4.

<sup>7</sup> *Id.* at 6.

<sup>8</sup> *Id.* at 8, 12.

<sup>9</sup> *Id.* at 12.

On February 7, 2017, the Commission issued an Order for Notice and Comment that, among other things, directed that the Petitioners give notice of the Petition to the public; provided an opportunity for interested persons to comment and request a hearing on the Petition; and directed the Commission's Staff ("Staff") to investigate the Petition and file a report containing the Staff's findings and recommendations ("Staff Report"). On March 17, 2017, the Board of Supervisors of Culpeper County, Virginia, filed a notice of intent to participate as a respondent in the proceeding. Otherwise, no requests for hearing or comments on the Petition were filed by interested parties.

On April 14, 2017, the Staff filed a Staff Report documenting its review of the Petition and concluding that the Petitioners will retain the financial, managerial, and technical resources necessary to render telecommunications services in Virginia and, therefore, the Proposed Transfers appear to meet the standard of the Utility Transfers Act.<sup>10</sup> Accordingly, Staff recommended that the Commission approve the Proposed Transfers and direct the Petitioners to file a report of action with the Commission within 30 days after closing of the Proposed Transfers.<sup>11</sup> On April 28, 2017, the Petitioners filed a letter stating that they had reviewed the Staff Report and that they have no objection to or further comment on it. The Petitioners stated that in light of the underlying record and analysis in this case, they respectfully request that the Commission expeditiously issue an order approving the Proposed Transfers.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfers should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfers as described herein.

(2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfers, which shall note the date the transfers occurred.

(3) This case is dismissed.

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<sup>10</sup> Staff Report at 14.

<sup>11</sup> *Id.*

**CASE NO. PUR-2017-00011  
APRIL 20, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY  
and  
AWI, INC.

For approval of an insurance-related arrangement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 23, 2017, Virginia-American Water Company ("VAWC") and AWI, Inc. ("AWI") (collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> and Ordering Paragraph (2) of the Commission's October 25, 2016 Order Granting Approval in Case No. PUE-2016-00080 ("2016 Services Agreement Order").<sup>2</sup> The Applicants request approval of an insurance-related arrangement by which AWI would provide specific insurance products and insurance-related services for American Water Works Company, Inc. ("American Water"), and its subsidiaries, including VAWC ("AWI Arrangement"). The Applicants also filed a Motion for Protective Ruling ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

In VAWC's current rate case pending before the Commission in Case No. PUE-2015-00097, Staff raised concerns in its testimony regarding the insurance-related arrangement between VAWC, American Water Works Service Company, Inc., and AWI and questioned whether the arrangement requires Commission approval.<sup>3</sup> In the 2016 Services Agreement Order, the Commission directed VAWC to file the instant Application to request approval of the AWI Arrangement.

The Applicants state that AWI is a wholly owned subsidiary of American Water and was incorporated in 2015 in the State of Delaware and authorized by the State of Delaware Department of Insurance to serve as a pure captive insurance company to provide insurance coverage to American Water and its subsidiaries, including VAWC.<sup>4</sup> According to the Application, American Water is currently using AWI to: (i) fund payments in the

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<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> *Application of Virginia-American Water Company and American Water Works Service Company, Inc., For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00080, Doc. Con. Cen. No. 161030182, Order Granting Approval (Oct. 25, 2016).

<sup>3</sup> *See Application of Virginia-American Water Company, For a general increase in rates*, Case No. PUE-2015-00097, Ex. 50 (Pre-Filed Testimony of Staff witness Myers) at 38-45.

<sup>4</sup> Application at 2.

deductible layer of its general liability, automobile liability and workers' compensation commercial insurance policies ("Policies");<sup>5</sup> and (ii) provide a basis for coverage under the Terrorism Risk Insurance Act ("TRIA").<sup>6</sup> The Applicants state that third-party insurers continue to provide insurance coverage for American Water's general liability, automobile liability and workers' compensation claims in excess of deductible amounts.

The Applicants state that there was no change in American Water's actual insurance coverage under the Policies as a result of the formation of AWI, as AWI simply assumed the cash collateral-management function in the deductible layer under those Policies. The Applicants represent that the formation of AWI did, however, improve American Water's negotiating position with third-party insurers. Prior to the establishment of AWI, third-party insurers sought to substantially increase American Water's deductible limit from \$1 million to \$5 million.<sup>7</sup> The formation of AWI, in part, assisted American Water in negotiating a lower deductible of \$2 million with its third-party insurers.

The Applicants state that the overall goal in forming AWI was to have the ability to secure the best available coverage at the lowest possible rates in all insurance market conditions. American Water believes that AWI provides an improved negotiating position in the commercial insurance market and will provide greater flexibility and control over risk-financing needs as American Water no longer relies exclusively on the traditional commercial insurance market.<sup>8</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the AWI Arrangement is in the public interest as long as VAWC pays AWI the lower of cost or market for any insurance services purchased and, therefore, should be approved subject to certain requirements set forth in the Appendix attached hereto. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>9</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants hereby are granted approval of the AWI Arrangement, effective as of the date of this Order, provided that VAWC pays AWI the lower of cost or market for any insurance services purchased and subject to the requirements set forth in the Appendix attached hereto.

(2) The Applicants' Motion is denied; however, the Clerk of the Commission is directed to retain the confidential information to which the Motion pertains under seal.

(3) This case is dismissed.

#### APPENDIX

1. The Commission's approval of the AWI Arrangement is limited to five (5) years from the date of the Order in this case. Should the Applicants wish to continue the AWI Arrangement beyond that date, separate Commission approval shall be required.

2. VAWC shall be required to maintain records demonstrating that the services provided by AWI are cost beneficial to Virginia ratepayers. For all services provided by AWI where a market may exist, VAWC shall investigate whether there are alternative sources from which it could purchase such services. If an alternative source exists, VAWC shall compare the market price to AWI charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request.

3. VAWC shall be required to bear the burden of proving, in any rate proceeding, that VAWC paid AWI the lower of cost or market for all services under the AWI Arrangement.

4. The Commission's approval hereby is limited to the specific services identified in the Application. Should VAWC wish to obtain additional services from AWI that are not specifically identified in the Application, separate Commission approval shall be required.

5. Separate Commission approval shall be required for any changes in the terms and conditions of the AWI Arrangement, including successors or assigns.

6. The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the AWI Arrangement.

<sup>5</sup> According to the Application, effective July 1, 2015, American Water replaced its then-existing third-party cash collateral arrangement with its claims administrator by entering into a deductible buy down policy ("Deductible Buy Down Policy") with AWI. Pursuant to the Deductible Buy Down Policy, the Applicants represent that American Water will provide its claims administrator with a surety bond for 25% of collateral requirements, a letter of credit for the remaining collateral requirements, and one month of estimated premiums. The current claims administrator continues to handle claims under the Policies, but AWI now funds American Water's deductible obligations under the Policies up to the deductible limits of the Policies. *Id.* at 3.

<sup>6</sup> The Applicants represent that AWI is also being used to broaden American Water's coverage under the federal government's terrorism backstop program provided pursuant to TRIA coverage for NBCR (Nuclear, Biological, Chemical, and Radiological) exposures. *Id.* at 4.

<sup>7</sup> *Id.* at 3.

<sup>8</sup> *Id.* at 4.

<sup>9</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

7. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.

8. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

9. All transactions associated with the AWI Arrangement shall be included in VAWC's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on April 1 of each year, subject to administrative extension by the UAF Director. Specifically, VAWC shall include the following information related to the AWI Arrangement in its ARAT:

- (a) The annual premiums charged to VAWC related to the Deductible Buy Down Policy;
- (b) The annual collateral amounts charged to VAWC related to the Deductible Buy Down Policy;
- (c) Any other amounts charged to VAWC related to the Deductible Buy Down Policy;
- (d) The annual premiums charged to VAWC for TRIA coverage; and
- (e) The annual deductibles or other amounts charged to VAWC related to the TRIA coverage.

10. In the event that VAWC's annual informational filings or expedited or general rate case filings are not based on a calendar year, then VAWC shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUR-2017-00013  
FEBRUARY 2, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION COVE POINT LNG, LP

For exemption from or approval to enter into a transmission and distribution easement agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING INTERIM AUTHORITY**

On January 25, 2017, Virginia Electric and Power Company ("Dominion" or "Company") and Dominion Cove Point LNG, LP ("Dominion Cove Point") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting exemption from or approval to enter into a transmission and distribution easement agreement ("Easement Agreement"). Concurrent with its Application, the Applicants filed a motion for interim authority to operate under the Easement Agreement until such time as the Commission has an opportunity to act upon the Application ("Motion").<sup>2</sup>

In the Motion, the Applicants stated that in its Final Order in Case No. PUE-2016-00056, the Commission granted Dominion a certificate of public convenience and necessity to construct and operate a new 230 kilovolt ("kV") switching station ("Elklick Switching Station") and electric transmission structures in Fairfax, Virginia, which support new double-circuit 230 kV tap lines from the Company's existing 230 kV Bull Run-Loudoun Line #295 to the Elklick Switching Station (collectively, "the Project").<sup>3</sup> In its Final Order in Case No. PUE-2016-00056, the Commission found that "[t]he Project approved herein must be constructed and in service by December 31, 2017. The Company, however, is granted leave to apply for an extension for good cause shown."<sup>4</sup>

According to the Applicants, in order to construct, operate, maintain, and access the Project, the Company must enter into the Easement Agreement with Dominion Cove Point.<sup>5</sup> However, in order to maintain the overall construction schedule for the Project as approved by the Commission in Case No. PUE-2016-00056, the Company states that it needs to begin utilizing the easement to facilitate construction-related activities while the Application is pending.<sup>6</sup>

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> The Applicants are also seeking expedited consideration of the Motion on or before February 6, 2017.

<sup>3</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of Elklick Switching Station and double-circuit 230 kV tap lines under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.*, Case No. PUE-2016-00056, Doc. Con. Cen. No. 161010074, Final Order (Oct. 4, 2016).

<sup>4</sup> *Id.* at 10.

<sup>5</sup> Application at 5.

<sup>6</sup> Motion at 3. For instance, Dominion claims that in order to meet the December 31, 2017 in-service date, it will need to begin foundation installation by February 6, 2017. *Id.* at 3-4.



NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Applicants' request for interim authority to operate under the Easement Agreement until such time as the Commission has an opportunity to act upon the Application should be granted. We are of the opinion that it is appropriate to grant such interim approval, pending a final order on the Application.<sup>7</sup>

Accordingly, IT IS ORDERED THAT:

- (1) This case hereby is docketed and assigned Case No. PUR-2017-00013.
- (2) The Applicants hereby are granted interim authority to operate under the Easement Agreement pending further order of the Commission.
- (3) This case is continued generally pending further order of the Commission.

<sup>7</sup> The approval granted herein terminates upon the entry of the Commission's final order in this proceeding.

**CASE NO. PUR-2017-00013**  
**APRIL 12, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION COVE POINT LNG, LP

For exemption from or approval to enter into a transmission and distribution easement agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On January 25, 2017, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") and Dominion Cove Point LNG, LP ("Dominion Cove Point") (collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting exemption or approval for Dominion to enter into a transmission and distribution easement agreement with Dominion Cove Point ("Agreement").

The Applicants represent that the Agreement will support Dominion's construction, operation, and maintenance of certain transmission facilities<sup>2</sup> and minimize construction costs by granting an easement of right-of-way on land owned by Dominion Cove Point. On October 4, 2016, Dominion received Commission approval of a certificate of public convenience and necessity for the transmission facilities, which will be partially located on land owned by Dominion Cove Point, in Case No. PUE-2016-00056.<sup>3</sup> The Applicants represent that Dominion Cove Point will charge a sum of \$10 to Dominion for the easement.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Application as described herein, subject to the requirements set forth in the Appendix attached to this Order.
- (2) This case is dismissed.

APPENDIX

1. The Commission's approval shall be limited to the specific transaction identified in the Agreement. Should Dominion wish to undertake additional transactions that are not specifically identified in the Agreement, separate Commission approval shall be required.

2. Separate Commission approval shall be required for any changes in the terms and conditions of the Agreement, including successors or assigns.

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> The Company is building transmission facilities to accommodate an expansion of Northern Virginia Electric Cooperative's ("NOVEC") existing Pleasant Valley Delivery Point from which NOVEC provides power to Dominion Cove Point. The transmission facilities are needed because of increased loading at this delivery point associated with the expansion of an existing, adjacent Dominion Cove Point compressor station.

<sup>3</sup> *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of Elklick Switching Station and double-circuit 230 kV tap lines under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.*, Case No. PUE-2016-00056, Doc. Con. Cen. No. 161010074, Final Order (Oct. 4, 2016).

3. The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Agreement.

4. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

5. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

6. All transactions associated with the Agreement shall be included in Dominion's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

7. In the event that Dominion's annual informational filings or expedited or general rate case filings are not based on a calendar year, then Dominion shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUR-2017-00015  
MAY 31, 2017**

APPLICATION OF  
AMCS NETWORKING SERVICES LLC (used in Virginia by: AMCS LLC)

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

**FINAL ORDER**

On February 27, 2017, AMCS Networking Services LLC (used in Virginia by: AMCS LLC) ("AMCS Networking Services" or "Company"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application").<sup>1</sup> AMCS Networking Services also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, AMCS Networking Services filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

On March 10, 2017, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed AMCS Networking Services to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On April 7, 2017, AMCS Networking Services filed proof of service and proof of notice in accordance with the Scheduling Order.

On May 5, 2017, the Staff filed its Staff Report finding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5-411-10 *et seq.* Based upon its review of the Company's Application, the Staff determined it would be appropriate to grant Certificates to AMCS Networking Services subject to the following condition: AMCS Networking Services should notify the Division of Public Utility Regulation no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for AMCS Networking Services to file a response to the Staff Report on or before May 12, 2017. The Company did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, is of the opinion and finds that it should grant Certificates to AMCS Networking Services. Having considered § 56-481.1 of the Code, the Commission finds that AMCS Networking Services may price its interexchange services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.<sup>2</sup>

Accordingly, IT IS ORDERED THAT:

(1) AMCS Networking Services hereby is granted Certificate No. T-751 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code, and the provisions of this Final Order.

(2) AMCS Networking Services hereby is granted Certificate No. TT-295A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, § 56-265.4:4 of the Code, and the provisions of this Final Order.

<sup>1</sup> On January 31, 2017, the Company filed its Application with the Commission using the name AMCS LLC. On February 27, 2017, the Company supplemented its Application. In this supplemental filing, the Company used the name AMCS Networking Services LLC (used in Virginia by: AMCS LLC).

<sup>2</sup> The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) Pursuant to § 56-481.1 of the Code, AMCS Networking Services may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If AMCS Networking Services elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(5) AMCS Networking Services shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(7) This case is dismissed.

**CASE NO. PUR-2017-00016**  
**MAY 2, 2017**

APPLICATION OF  
PEOPLES MUTUAL TELEPHONE COMPANY d/b/a FAIRPOINT COMMUNICATIONS;  
FAIRPOINT COMMUNICATIONS, INC.; CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.;  
and  
CONSOLIDATED COMMUNICATIONS, INC.

For authority to enter into financing arrangements under Chapters 3 and 4 of Title 56 of the Code of Virginia

**FINAL ORDER**

On February 1, 2017, Peoples Mutual Telephone Company d/b/a FairPoint Communications ("Peoples Mutual"); FairPoint Communications, Inc. ("FairPoint"); Consolidated Communications Holdings, Inc. ("CCHI"); and Consolidated Communications, Inc. ("CCI") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to §§ 56-55 *et seq.* ("Chapter 3") and 56-76 *et seq.* ("Chapter 4") of Title 56 of the Code of Virginia ("Code"). The Applicants seek authority for Peoples Mutual to act as a guarantor and to make certain commitments in accordance with a financing transaction associated with the Applicants' proposed transfer of control of Peoples Mutual in Case No. PUR-2017-00006 ("Merger Transaction").<sup>1</sup>

The Applicants represent that as a condition of the debt financing arrangement to fund the Merger Transaction, certain subsidiaries of CCHI, including Peoples Mutual, are required to act as jointly and severally liable guarantors and to make certain commitments on all of the debt associated with the financing arrangement. More specifically, the Applicants request that the Commission allow Peoples Mutual to become a party to the Guaranty Agreement and the Collateral Agreement (collectively, "Guarantee Obligations"). As a party to the Guarantee Obligations, Peoples Mutual would become a guarantor of a \$935 million incremental term loan, CCI's existing \$900 million term loan facility, and CCI's existing \$110 million revolving loan facility as provided under the terms of the Credit Agreement.<sup>2</sup> Upon consummation of the Merger Transaction, the Applicants represent that all subsidiaries of FairPoint, including Peoples Mutual, are required under the Financing Transaction to pledge their stock and assets as security for their obligations as guarantors of the Financing Transaction.

On April 10, 2017, the Staff of the Commission ("Staff") shared a copy of its draft action brief containing Staff's analysis and recommendations concerning the Application ("Action Brief") with the Applicants. In its Action Brief, Staff addresses two statutory issues: (i) whether the Financing Transaction satisfies any of the enumerated purposes set forth in Chapter 3,<sup>3</sup> and (ii) whether the Application satisfies the public interest standard in Chapter 4.

Regarding the purpose of the Financing Transaction, Staff notes in its Action Brief that some ancillary merger benefits could be considered "improvement or maintenance of [Peoples Mutual's] service" as set forth in Code § 56-58. Regarding the public interest standard in Chapter 4, Staff states that it is "not convinced that the Guarantee Obligations, as proposed, are in the public interest"<sup>4</sup> due to the magnitude of the encumbrance Peoples Mutual would take on compared to the benefits that Peoples Mutual would receive. However, Staff notes that if the Commission were to impose certain conditions, Staff would recommend approval.

In the Action Brief, Staff also states that its primary concern is the potential effect of any required payment under the Guaranty Agreement on Peoples Mutual's Virginia customers and the ability of Peoples Mutual to meet its public service obligations. In response to this concern, the Applicants represent that they are willing to agree to the following conditions: (i) file a report of action within 30 days of receiving notice that Peoples Mutual is

<sup>1</sup> See *Joint Petition of Peoples Mutual Telephone Company d/b/a FairPoint Communications; FairPoint Communications, Inc.; Consolidated Communications Holdings, Inc.; and Consolidated Communications, Inc., For approval of a transfer of control pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00006, Doc. Con. Cen. No. 170320030, Order Extending Time For Review (Mar. 13, 2017).

<sup>2</sup> The Guarantee Obligations and all loans under the Credit Agreement are referred to herein as the "Financing Transaction."

<sup>3</sup> See Code § 56-58. The Applicants assert in comments to Staff that the purposes specified under Code § 56-58 only apply to the direct issuance of securities and not the assumption of an obligation as a guarantor, which the Applicants assert is governed by Code § 56-59.

<sup>4</sup> See Action Brief at 8.

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required to make any payment under the Guaranty Agreement, and (ii) not seek to increase rates as a result of any required payments under the Guaranty Agreement.

In response to Staff's Action Brief, the Applicants state that although they believe the statutory standards in Chapter 3 are somewhat broader than Staff suggests, the Applicants agree that approval of the Financing Transaction would allow Peoples Mutual to improve or maintain its service. Further, the Applicants state that Peoples Mutual's ultimate exposure under the Financing Transaction is its ratable share, and thus the provisions in the Guarantee Obligations provide sufficient limitations on its exposure. Therefore, the Applicants assert that such limitations are consistent with the applicable statutory standards without any additional limitations and that approval of the Financing Transaction as described in the Application is appropriate.

NOW THE COMMISSION, upon consideration of the Application, Staff's Action Brief, and the Applicants' comments in this proceeding, is of the opinion and finds as follows.

Code § 56-61 provides the standard that the Commission must apply when considering an application under Chapter 3.

When an application is filed with the Commission under § 56-60 it shall consider and pass upon the same within twenty-five days, and when the application sets forth that such securities are to be issued or such obligations or liabilities are to be assumed for any purpose set forth in § 56-58, and the Commission so finds, it shall approve the application and issue the order applied for, unless the Commission shall find, for reasons stated by it, that the issuance of such securities or the assumption of such obligations or liabilities is not reasonably necessary to carry out one or more of the purposes set forth in the application. The Commission may by its order grant permission for any such issuance or assumption in the amount or on the terms applied for, or in a less amount, or on different terms, or not at all, and may include in its order such terms and conditions fairly relating to the matter of such issuance or assumption as it may deem reasonable or necessary. Whenever the Commission refuses, in whole or in part, an application to issue securities or assume obligations or liabilities, or grants such an application with modifications, it shall state specifically its reasons so that such refusal or modifications may be reviewed judicially on appeal.

Since the Financing Transaction involves affiliates, the Commission also must review the Application under Chapter 4 and determine whether the Application is in the public interest.<sup>5</sup> Code § 56-82 provides the standard that the Commission must apply when considering an application under Chapter 4.

No public service company shall henceforth make, extend or renew any loan of money to any affiliated interest or assume, extend or renew any obligation or liability whatsoever of any affiliated interest, whether as guarantor, endorser, surety or otherwise, unless the Commission shall first have approved such loan or assumption, or the extension or renewal of such loan, obligation, or liability, as being not inconsistent with the public interest, and then only upon such terms and conditions as may be set forth in the order of the Commission approving such transaction.

Based upon the information contained in the record at this time, we find that the Application is not consistent with the public interest and the request for authority for Peoples Mutual to act as a guarantor and to make certain commitments in accordance with the financing transaction associated with the Applicants' proposed Merger Transaction in Case No. PUR-2017-00006 should be denied.<sup>6</sup> Specifically, we find that it is not in the public interest to allow Peoples Mutual to be jointly and severally liable, along with other subsidiaries of FairPoint and CCHI, for the level of debt proposed herein (\$1,945,000,000).<sup>7</sup> The Applicants' request creates an unreasonable risk for the regulated public utility and its Virginia ratepayers as the record herein fails to demonstrate sufficient benefits offsetting such risk in order to find that the Application is "not inconsistent with the public interest" under Code § 56-82.

Accordingly, IT IS ORDERED THAT:

- (1) This Application is denied.
- (2) This case is dismissed.

<sup>5</sup> See e.g., *Application of Virginia Electric and Power Company and Dominion Resources, Inc., For expedited approval of authority to issue up to \$3 billion in common stock to parent under Chapters 3 and 4 of the Code of Virginia of 1950, as amended*, Case No. PUE-2009-00100, 2009 S.C.C. Ann. Rept. 538, Order Granting Approval (Oct. 30, 2009).

<sup>6</sup> Having found that the Application is not consistent with in the public interest, the Commission does not address at this time the question of whether, or the extent to which, the Application meets, nor needs to meet, the enumerated purposes in Code § 56-58.

<sup>7</sup> \$1,945,000,000 is the total of the \$935 million incremental term loan, CCI's existing \$900 million term loan facility, and CCI's existing \$110 million revolving loan facility.

**CASE NO. PUR-2017-00017  
FEBRUARY 22, 2017**

APPLICATION OF  
AQUA UTILITIES CAPTAIN'S COVE, INC. d/b/a AQUA VIRGINIA

For an increase in rates and fees

**ORDER FOR NOTICE AND HEARING**

On October 14, 2016, Aqua Utilities Captain's Cove, Inc. d/b/a Aqua Virginia ("Aqua Captain's Cove" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after November 28, 2016 ("Proposed Rate Increase").<sup>1</sup>

The Company proposes to increase its rates and fees as follows:

Existing Rates for Monthly Water:

1.	Flat rate service	\$40.86
2.	Flat rate service (Marina Building)	\$1,052.98
3.	Availability rate	\$6.21

Proposed Rates for Monthly Water:

1.	Flat rate service	\$45.00
2.	Flat rate service (Marina Building)	\$1,159.67
3.	Availability rate	\$6.84

As of January 31, 2017, the Division has received 271 letters from Aqua Captain's Cove customers requesting that the Commission convene a public hearing to fully review the Proposed Rate Increase. Some of the letters received were from customers with the same service address or availability lot.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds as follows. Pursuant to § 56-265.13:6 of the Code:

Upon application to the Commission by at least 25 percent of all customers affected by a rate change or by 250 affected customers, whichever number is lesser, or by the small water or sewer utility itself, or by the Commission, upon its own motion, a hearing shall be held after at least 30 days' notice to the small water or sewer utility and to its customers. The Commission may order such improvements or changes in service, measurements, practices, acts, rates, charges, fees, and rules and regulations of such utility as are just and reasonable.

When a hearing is ordered, the Commission shall have the authority to suspend such rates, charges, fees, and rules and regulations for no more than 60 days or to declare them to be interim, or both. Interim rates, fees, and charges shall be subject to refund with interest until such time as the Commission has made its final determination in the proceeding. Upon completion of the hearing and decision, the Commission may order such public utility to refund, with interest at a rate set by the Commission, the portion of such rates, charges, or fees found not justified by its decision.

Upon setting the matter for hearing, the Commission has the authority to make the rates interim, subject to refund. We find that a hearing should be scheduled on the Company's proposed rate increase and that the proposed rates should be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.<sup>2</sup>

<sup>1</sup> Aqua Captain's Cove, along with other Virginia affiliates, filed an application, in what is now docketed as PUR-2017-00018, seeking approval for the affiliates to merge into their corporate parent, Aqua Virginia, leaving Aqua Virginia as the surviving entity. Should the merger transaction be approved, it will likely be completed prior to a final order in the present proceeding. Accordingly, the rates that are determined in this proceeding, PUR-2017-00017, would be the rates adopted by the post-merger Aqua Virginia entity for customers in the current Aqua Captain's Cove service area.

<sup>2</sup> We note that the rates charged by Aqua Captain's Cove prior to the November 28, 2016 increase were implemented as interim rates as ordered by the August 4, 2015 Order Granting Approval in Case No. PUE-2015-00014. To the extent that interim rates designated in Case No. PUE-2015-00014 are modified by the Commission following submittal of the financial information required by the Order in Case No. PUE-2015-00014, that modification will also be addressed in this proceeding.

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Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUR-2017-00017.
- (2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>3</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (3) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are made interim, subject to refund with interest, until such time as the Commission has made a final decision in this proceeding.
- (4) A local public hearing shall be convened on May 16, 2017, at 2 p.m. and 7 p.m., at Captain's Cove Golf & Yacht Club, 3323 Dock Court, Greenbackville, Virginia 23356, to receive testimony on the Company's Proposed Rate Increase from public witnesses participating as provided by 5 VAC 5-20-80 C, *Public witnesses*, of the Rules of Practice.
- (5) A public evidentiary hearing shall be convened on August 1, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to offer testimony at this evidentiary hearing should appear in the Commission's courtroom fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (6) Aqua Captain's Cove forthwith shall make copies of its Proposed Rate Increase, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at the Company's business office at 3370 Captain's Corridor, Greenbackville, Virginia 23356. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (7) On or before March 22, 2017, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING  
ON THE PROPOSED CHANGE IN WATER RATES AND FEES  
OF AQUA UTILITIES CAPTAIN'S COVE, INC.  
CASE NO. PUR-2017-00017

On October 14, 2016, Aqua Utilities Captain's Cove, Inc. d/b/a Aqua Virginia ("Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after November 28, 2016 ("Proposed Rate Increase").

The Company proposes to increase its rates and fees as follows:

Existing Rates for Monthly Water:

1.	Flat rate service	\$40.86
2.	Flat rate service (Marina Building)	\$1,052.98
3.	Availability rate	\$6.21

Proposed Rates for Monthly Water:

1.	Flat rate service	\$45.00
2.	Flat rate service (Marina Building)	\$1,159.67
3.	Availability rate	\$6.84

As of January 31, 2017, the Division has received 271 letters from Aqua Captain's Cove customers requesting that the Commission convene a public hearing to fully review the Proposed Rate Increase. Some of the letters received were from customers with the same service address or availability lot.

While the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt

<sup>3</sup> 5 VAC 5-20-10 *et seq.*

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rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Proposed Rate Increase and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Proposed Rate Increase and supporting documents.

The Commission entered an Order for Notice and Hearing in this proceeding that, among other things, scheduled public hearings in Greenbackville and Richmond, Virginia. A local public hearing before a Hearing Examiner will be convened on May 16, 2017, at 2 p.m. and 7 p.m., at Captain's Cove Golf & Yacht Club, 3323 Dock Court, Greenbackville, Virginia 23356, for the sole purpose of receiving testimony of public witnesses. The public hearing will resume on August 1, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Proposed Rate Increase from the Company, any respondents, and the Commission Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.

A copy of the Company's Proposed Rate Increase and a copy of the Commission's Order for Notice and Hearing are available for public inspection during regular business hours at the Company's business office at 3370 Captain's Corridor, Greenbackville, Virginia 23356. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before July 7, 2017, any interested person may file written comments on the Proposed Rate Increase with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before July 7, 2017, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00017.

Any interested person or entity may participate as a respondent in this proceeding by filing, on or before June 9, 2017, a notice of participation in this proceeding. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. A copy of the notice of participation shall be served on the Company at the address set forth above. All filings shall refer to Case No. PUR-2017-00017. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

All written communications to the Commission concerning the Proposed Rate Increase shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, and shall refer to Case No. PUR-2017-00017.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

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## AQUA UTILITIES CAPTAIN'S COVE, INC.

(8) On or before March 22, 2017, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or equivalent official) and city or town attorney of every city and town in which Aqua Captain's Cove provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(9) On or before April 19, 2017, the Company shall file proof of the notice and service required by Ordering Paragraphs (7) and (8) herein, including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(10) On or before March 29, 2017, the Company shall file with the Clerk of the Commission the testimony and exhibits that the Company intends to present at the public hearing, and each witness's testimony shall include a summary not to exceed one page. The testimony shall include a balance sheet, income statement, statement of cash flows, and rate of return statement. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). All testimony and exhibits shall refer to Case No. PUR-2017-00017.

(11) On or before July 7, 2017, any interested person may file with the Clerk of the Commission at the address in Ordering Paragraph (9) any written comments on the Company's Proposed Rate Increase. Any interested person desiring to file comments electronically may do so on or before July 7, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00017.

(12) On or before June 9, 2017, any person may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). A copy of the notice of participation simultaneously shall be served on the Company at the address set forth in Ordering Paragraph (6). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00017.

(13) Within three (3) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (12), the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the Proposed Rate Increase, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

(14) On or before June 9, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which it expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). In all filings, the respondent shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00017.

(15) The Staff shall investigate the Company's Proposed Rate Increase. On or before June 30, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on the Company and all respondents.

(16) On or before July 14, 2017, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy on the Commission Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of the rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(17) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of Rule 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>4</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(18) This matter is continued generally.

<sup>4</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00017, in the appropriate box.



**CASE NO. PUR-2017-00017  
MARCH 7, 2017**

APPLICATION OF  
AQUA UTILITIES CAPTAIN'S COVE, INC. d/b/a AQUA VIRGINIA

For an increase in rates and fees

**ORDER NUNC PRO TUNC**

On October 14, 2016, Aqua Utilities Captain's Cove, Inc. d/b/a Aqua Virginia ("Aqua Captain's Cove" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia ("Code")), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after November 28, 2016 ("Proposed Rate Increase").<sup>1</sup>

The Company proposes to increase its rates and fees as follows:

Existing Rates for Monthly Water:

1.	Flat rate service	\$40.86
2.	Flat rate service (Marina Building)	\$1,052.98
3.	Availability rate	\$6.21

Proposed Rates for Monthly Water:

1.	Flat rate service	\$45.00
2.	Flat rate service (Marina Building)	\$1,159.67
3.	Availability rate	\$6.84

Existing Rates for Monthly Wastewater

1.	Flat rate service	\$56.40
2.	Flat rate service (Marina Building)	\$1,386.23
3.	Availability rate	\$18.65

Proposed Rates for Monthly Wastewater

1.	Flat rate service	\$69.90
2.	Flat rate service (Marina Building)	\$1,718.04
3.	Availability rate	\$23.11

As of January 31, 2017, the Division has received 271 letters from Aqua Captain's Cove customers requesting that the Commission convene a public hearing to fully review the Proposed Rate Increase. Some of the letters received were from customers with the same service address or availability lot.

On February 22, 2017, the Commission entered an Order for Notice and Hearing ("February 22, 2017 Order"), which contained an inadvertent omission. This Order is meant to replace the February 22, 2017 Order in its entirety.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds as follows. Pursuant to § 56-265.13:6 of the Code:

Upon application to the Commission by at least 25 percent of all customers affected by a rate change or by 250 affected customers, whichever number is lesser, or by the small water or sewer utility itself, or by the Commission, upon its own motion, a hearing shall be held after at least 30 days' notice to the small water or sewer utility and to its customers. The Commission may order such improvements or changes in service, measurements, practices, acts, rates, charges, fees, and rules and regulations of such utility as are just and reasonable.

<sup>1</sup> Aqua Captain's Cove, along with other Virginia affiliates, filed an application, in what is now docketed as PUR-2017-00018, seeking approval for the affiliates to merge into their corporate parent, Aqua Virginia, leaving Aqua Virginia as the surviving entity. Should the merger transaction be approved, it will likely be completed prior to a final order in the present proceeding. Accordingly, the rates that are determined in this proceeding, PUR-2017-00017, would be the rates adopted by the post-merger Aqua Virginia entity for customers in the current Aqua Captain's Cove service area.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

When a hearing is ordered, the Commission shall have the authority to suspend such rates, charges, fees, and rules and regulations for no more than 60 days or to declare them to be interim, or both. Interim rates, fees, and charges shall be subject to refund with interest until such time as the Commission has made its final determination in the proceeding. Upon completion of the hearing and decision, the Commission may order such public utility to refund, with interest at a rate set by the Commission, the portion of such rates, charges, or fees found not justified by its decision.

Upon setting the matter for hearing, the Commission has the authority to make the rates interim, subject to refund. We find that a hearing should be scheduled on the Company's proposed rate increase and that the proposed rates should be made interim, subject to refund with interest, until such time as the Commission renders its final decision in this proceeding.<sup>2</sup>

Accordingly, IT IS ORDERED THAT:

- (1) This Order hereby replaces the February 22, 2017 Order in its entirety.
- (2) This matter hereby is docketed and assigned Case No. PUR-2017-00017.
- (3) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>3</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (4) Pursuant to § 56-265.13:6 of the Code, the Company's proposed rates are made interim, subject to refund with interest, until such time as the Commission has made a final decision in this proceeding.
- (5) A local public hearing shall be convened on May 16, 2017, at 2 p.m. and 7 p.m., at Captain's Cove Golf & Yacht Club, 3323 Dock Court, Greenbackville, Virginia 23356, to receive testimony on the Company's Proposed Rate Increase from public witnesses participating as provided by 5 VAC 5-20-80 C, *Public witnesses*, of the Rules of Practice.
- (6) A public evidentiary hearing shall be convened on August 1, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to offer testimony at this evidentiary hearing should appear in the Commission's courtroom fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (7) Aqua Captain's Cove forthwith shall make copies of its Proposed Rate Increase, as well as a copy of this Order, available for public inspection during regular business hours at the Company's business office at 3370 Captain's Corridor, Greenbackville, Virginia 23356. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (8) On or before March 29, 2017, the Company shall cause the following notice to be sent to each of its customers by first class mail, postage prepaid (bill inserts are acceptable):

NOTICE TO THE PUBLIC OF A HEARING  
ON THE PROPOSED CHANGE IN WATER RATES AND FEES  
OF AQUA UTILITIES CAPTAIN'S COVE, INC.  
CASE NO. PUR-2017-00017

On October 14, 2016, Aqua Utilities Captain's Cove, Inc. d/b/a Aqua Virginia ("Aqua Captain's Cove" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation ("Division") of its intent to increase rates and fees effective for service rendered on and after November 28, 2016 ("Proposed Rate Increase").

The Company proposes to increase its rates and fees as follows:

Existing Rates for Monthly Water:

1.	Flat rate service	\$40.86
2.	Flat rate service (Marina Building)	\$1,052.98
3.	Availability rate	\$6.21

<sup>2</sup> We note that the rates charged by Aqua Captain's Cove prior to the November 28, 2016 increase were implemented as interim rates as ordered by the August 4, 2015 Order Granting Approval in Case No. PUE-2015-00014. To the extent that interim rates designated in Case No. PUE-2015-00014 are modified by the Commission following submittal of the financial information required by the Order in Case No. PUE-2015-00014, that modification will also be addressed in this proceeding.

<sup>3</sup> 5 VAC 5-20-10 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Proposed Rates for Monthly Water:

1.	Flat rate service	\$45.00
2.	Flat rate service (Marina Building)	\$1,159.67
3.	Availability rate	\$6.84

Existing Rates for Monthly Wastewater

1.	Flat rate service	\$56.40
2.	Flat rate service (Marina Building)	\$1,386.23
3.	Availability rate	\$18.65

Proposed Rates for Monthly Wastewater

1.	Flat rate service	\$69.90
2.	Flat rate service (Marina Building)	\$1,718.04
3.	Availability rate	\$23.11

As of January 31, 2017, the Division has received 271 letters from Aqua Captain's Cove customers requesting that the Commission convene a public hearing to fully review the Proposed Rate Increase. Some of the letters received were from customers with the same service address or availability lot.

While the total revenue requirement that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues, and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Proposed Rate Increase and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Proposed Rate Increase and supporting documents.

The Commission entered an Order in this proceeding that, among other things, scheduled public hearings in Greenbackville and Richmond, Virginia. A local public hearing before a Hearing Examiner will be convened on May 16, 2017, at 2 p.m. and 7 p.m., at Captain's Cove Golf & Yacht Club, 3323 Dock Court, Greenbackville, Virginia 23356, for the sole purpose of receiving testimony of public witnesses. The public hearing will resume on August 1, 2017, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Proposed Rate Increase from the Company, any respondents, and the Commission Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time on the day of the hearing and identify himself or herself to the Commission's Bailiff.

A copy of the Company's Proposed Rate Increase and a copy of the Commission's Order are available for public inspection during regular business hours at the Company's business office at 3370 Captain's Corridor, Greenbackville, Virginia 23356. In addition, interested persons may review copies in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before July 7, 2017, any interested person may file written comments on the Proposed Rate Increase with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before July 7, 2017, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00017.

Any interested person or entity may participate as a respondent in this proceeding by filing, on or before June 9, 2017, a notice of participation in this proceeding. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. A copy of the notice of participation shall be served on the Company at the address set forth above. All filings shall refer to Case No. PUR-2017-00017. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

All written communications to the Commission concerning the Proposed Rate Increase shall be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, and shall refer to Case No. PUR-2017-00017.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

AQUA UTILITIES CAPTAIN'S COVE, INC.

(9) On or before March 29, 2017, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or equivalent official) and city or town attorney of every city and town in which Aqua Captain's Cove provides service. Service shall be made by personal delivery or first class mail to the customary place of business or residence of the person served.

(10) On or before April 19, 2017, the Company shall file proof of the notice and service required by Ordering Paragraphs (8) and (9) herein, including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(11) On or before March 29, 2017, the Company shall file with the Clerk of the Commission the testimony and exhibits that the Company intends to present at the public hearing, and each witness's testimony shall include a summary not to exceed one page. The testimony shall include a balance sheet, income statement, statement of cash flows, and rate of return statement. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (10). All testimony and exhibits shall refer to Case No. PUR-2017-00017.

(12) On or before July 7, 2017, any interested person may file with the Clerk of the Commission at the address in Ordering Paragraph (10) any written comments on the Company's Proposed Rate Increase. Any interested person desiring to file comments electronically may do so on or before July 7, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00017.

(13) On or before June 9, 2017, any person may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (10). A copy of the notice of participation simultaneously shall be served on the Company at the address set forth in Ordering Paragraph (7). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00017.

(14) Within three (3) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (13), the Company shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the Proposed Rate Increase, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

(15) On or before June 9, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (10) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which it expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of the testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (10). In all filings, the respondent shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00017.

(16) The Staff shall investigate the Company's Proposed Rate Increase. On or before June 30, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on the Company and all respondents.

(17) On or before July 14, 2017, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy on the Commission Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of the rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (10).

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of Rule 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>4</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) This matter is continued generally.

<sup>4</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00017, in the appropriate box.

**CASE NO. PUR-2017-00017  
DECEMBER 6, 2017**

APPLICATION OF  
AQUA UTILITIES CAPTAIN'S COVE, INC. d/b/a AQUA VIRGINIA

For an increase in rates and fees

**FINAL ORDER**

On October 14, 2016, Aqua Utilities Captain's Cove, Inc. d/b/a Aqua Virginia ("Aqua Captain's Cove" or "Company"), pursuant to the Small Water or Sewer Public Utility Act (§§ 56-265.13:1 *et seq.* of the Code of Virginia), notified its customers and the State Corporation Commission's ("Commission") Division of Public Utility Regulation of its intent to increase rates and fees effective for service rendered on and after November 28, 2016.

Aqua Captain's Cove was a small water and sewer company at the time of the notification and docketing of this case.<sup>1</sup> The Company was established as a wholly owned subsidiary of Aqua Virginia, Inc. ("Aqua Virginia") for the purpose of acquiring the water and wastewater systems of Captain's Cove Utility Company, Inc.<sup>2</sup> The Commission authorized the merger of Aqua Captain's Cove into Aqua Virginia, with Aqua Virginia as the surviving entity, on May 3, 2017.<sup>3</sup>

Aqua Captain's Cove currently provides water service to over 900 active customers and wastewater service to over 270 active customers of the Captain's Cove subdivision in Accomack County, Virginia.<sup>4</sup> The rates approved in this proceeding will be the rates adopted by the post-merger Aqua Virginia entity for customers in the current Aqua Captain's Cove service area. The Company proposes to increase its rates and fees as follows:

Existing Rates for Monthly Water:

1. Flat rate service	\$40.86
2. Flat rate service (Marina Building)	\$1,052.98
3. Availability rate	\$6.21

Proposed Rates for Monthly Water:

1. Flat rate service	\$45.00
2. Flat rate service (Marina Building)	\$1,159.67
3. Availability rate	\$6.84

Existing Rates for Monthly Wastewater

1. Flat rate service	\$56.40
2. Flat rate service (Marina Building)	\$1,386.23
3. Availability rate	\$18.65

Proposed Rates for Monthly Wastewater

1. Flat rate service	\$69.90
2. Flat rate service (Marina Building)	\$1,718.04
3. Availability rate	\$23.11

On February 22, 2017, the Commission entered an Order for Notice and Hearing which, among other things, docketed the Company's Application; established a procedural schedule; directed the Company to provide public notice of its Application; scheduled a local public hearing on the Application for May 16, 2017, and a public evidentiary hearing for August 1, 2017; and assigned a Hearing Examiner to conduct all further proceedings on behalf of the Commission and to file a report containing the Hearing Examiner's findings and recommendations.<sup>5</sup>

On April 14, 2017, the Commission Staff ("Staff") filed a Motion to Combine Filing Requirements ("Motion"). In its Motion, Staff requested that it be allowed to combine its investigation of the Company's compliance filing, as directed by the Commission's Order Granting Approval in Case No. PUE-2015-00014, with this proceeding. In support of its Motion, Staff stated that its investigation of the Company's compliance filing would be duplicative of Staff's investigation and analysis conducted as part of this proceeding. By Hearing Examiner's Ruling dated April 19, 2017, Staff's Motion was granted.

<sup>1</sup> Exhibit ("Ex.") 8 (Tufaro Direct) at 2.

<sup>2</sup> *Id.* at 3. On August 4, 2015, the Commission authorized this transfer. *Joint Petition of Aqua Utilities Captain's Cove, Inc. and Captain's Cove Utility Company, Inc., For approval of a transfer of utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq.*, Case No. PUE-2015-00014, 2015 S.C.C. Ann. Rept. 276, Order Granting Approval (Aug. 4, 2015).

<sup>3</sup> *Joint Petition of Aqua Virginia, Inc.; Aqua Presidential, Inc.; Aqua Wintergreen Valley Utility Company; and Aqua Utilities Captain's Cove, Inc., For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00018, Doc. Con. Cen. No. 170510135, Order Granting Approval (May 3, 2017).

<sup>4</sup> Ex. 8 at 3-4.

<sup>5</sup> On March 7, 2017, the Commission issued an Order Nunc Pro Tunc, which corrected certain omissions from the February 22, 2017 Order for Notice and Hearing.

The local public hearing convened as scheduled on May 16, 2017, at the Captain's Cove Marina in Greenbackville, Virginia, to take the testimony of public witnesses. Ten public witnesses appeared to testify during the hearing.

The evidentiary hearing was convened, as scheduled. The Company and Staff participated in the hearing.

On October 27, 2017, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was filed. The Hearing Examiner made the following findings: (1) the use of a test year ending December 31, 2016, is proper in this proceeding; (2) the Company's test year operating revenue, after all adjustments, was \$1,044,862; (3) the Company's adjusted test year net operating income, after all adjustments, was \$222,264; (4) the Company's test year overall end of test period rate base, after all adjustments, was \$5,046,998; (5) the adjustments made by Staff are reasonable and should be approved; (6) the bookkeeping recommendations made by Staff are appropriate and should be approved; (7) Aqua America's consolidated ratemaking capital structure, as of March 2017, should be utilized to determine the overall cost of capital in this proceeding; (8) a return on equity cost range of 8.75% to 9.75%, with a midpoint of 9.25% for the purpose of setting rates, is reasonable and should be approved; (9) the Company requires \$67,348 in additional gross annual water revenues and \$87,914 in additional gross annual wastewater revenues; (10) the Company's proposed rates, including availability fees, are reasonable and should be approved; and (11) based on Staff's review of the Compliance Filing, the Company's post-acquisition interim rates in effect for the period of review do not appear to be unreasonable and should be made permanent for that time period.<sup>6</sup>

The Hearing Examiner recommended that the Commission enter an Order adopting the findings in the Report and granting the Company an increase in gross annual water revenues of \$67,348 and an increase in gross annual wastewater revenues of \$87,914.<sup>7</sup>

On November 3, 2017, the Company filed a letter stating that it supports the Hearing Examiner's findings and recommendations and that the Company submits no comment on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted with one modification. Concerning return on common equity ("ROE"), we find, based on the totality of the evidence before the Commission in this proceeding, that a cost of equity range of 8.5% to 9.5%, and a rate of return on common equity of 9.25%, is reasonable under the circumstances of this case. An ROE of 9.25% will allow the rates for the Captain's Cove systems to be based on the same ROE as Aqua Virginia, as set by the Commission in Case No. PUE-2014-00045.<sup>8</sup> We also note that ROE is an issue in Aqua Virginia's pending rate proceeding, currently scheduled for hearing in April of 2018.<sup>9</sup>

Accordingly IT IS ORDERED THAT:

(1) The findings and recommendations in the October 27, 2017 Hearing Examiner's Report hereby are adopted with the modification noted above.

(2) Aqua Virginia is granted \$67,348 in additional gross annual water revenues and \$87,914 in additional gross annual wastewater revenues for its Captain's Cove Systems.

(3) The Company's Post-Acquisition Interim Rates in effect for service from December 1, 2015, through November 27, 2016, hereby are made permanent for that time period.

(4) The Interim Rates in effect for service on or after November 28, 2016, hereby are made permanent.

(5) A rate of return on common equity of 9.25% and a cost of equity range of 8.5% to 9.5% hereby are approved.

(6) This case is dismissed

<sup>6</sup> Report at 16-17.

<sup>7</sup> *Id.* at 17.

<sup>8</sup> *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUR-2014-00045, 2016 S.C.C. Ann. Rept. 206, 209, Final Order (Jan. 7, 2016).

<sup>9</sup> *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUR-2017-00082, Doc. Con. Cen. No. 170910039, Order for Notice and Hearing (Sept. 5, 2017).

**CASE NO. PUR-2017-00018  
MAY 3, 2017**

JOINT PETITION OF  
AQUA VIRGINIA, INC.; AQUA PRESIDENTIAL, INC.;  
AQUA WINTERGREEN VALLEY UTILITY COMPANY;  
and  
AQUA UTILITIES CAPTAIN'S COVE, INC.

For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On February 2, 2017, Aqua Virginia, Inc. ("Aqua Virginia"); Aqua Presidential, Inc. ("Aqua Presidential"); Aqua Wintergreen Valley Utility Company ("Aqua Wintergreen"); and Aqua Utilities Captain's Cove, Inc. ("Aqua Captain's Cove") (collectively, "Joint Petitioners," and collectively, absent Aqua Virginia, "Virginia Subsidiaries"), completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission") for approval of a merger of Aqua Virginia and the Virginia Subsidiaries into one corporation, with Aqua Virginia as the surviving entity ("Merger"). The Petition was filed pursuant to the Utility Transfers Act.<sup>1</sup> The Virginia Subsidiaries are wholly owned subsidiaries of Aqua Virginia. The Joint Petitioners further request that all necessary authority, including approval of amendments to Aqua Virginia's certificates of public convenience and necessity ("CPCN(s)") pursuant to the Utility Facilities Act,<sup>2</sup> be provided to consummate the Merger transaction and permit Aqua Virginia to own and operate the Virginia Subsidiaries' systems.

On February 22, 2017, the Commission issued an Order for Notice and Comment that, among other things, established a procedural schedule in which the Joint Petitioners were required to provide public notice by March 17, 2017; the public was invited to request a hearing by March 31, 2017; and the public was invited to provide written comments by March 31, 2017. The Joint Petitioners provided proof of notice on April 3, 2017. Commission Staff ("Staff") filed a report ("Staff Report") on April 5, 2017, recommending approval of the Petition subject to certain conditions outlined in their appendix. On April 12, 2017, the Joint Petitioners agreed with the findings of the Staff Report and supported the Staff's recommendation that the Commission approve the requested Merger.

The Petition contains three plans and agreements of Merger, one for each Virginia Subsidiary to merge into the surviving entity. The Joint Petitioners represent that no specific accounting entries will be required to execute the transfer of control, nor will a "sales price" be required to complete the transaction, as all values will be transferred at their current account book values. The Joint Petitioners represent that the proposed Merger will not change the planned investment in any of the Virginia Subsidiaries and will not adversely impact the provision of adequate service to the public at just and reasonable rates. The Joint Petitioners also represent that no additional Commission approvals for affiliate transactions under the Affiliates Act<sup>3</sup> will be required as a result of the Merger. In response to a Staff data request, the Joint Petitioners state that the Merger will be completed as soon as Commission approvals are obtained. The Commission received one comment from the general public in opposition to the Merger; no requests for a hearing were received.

According to the Petition, the primary purpose for the Merger is to permit more efficient financing and administration of water and wastewater service through one legal entity and to allow Aqua Virginia to maintain rates at more reasonable levels in the long run than if each of the Virginia Subsidiaries acts as a stand-alone company. The Joint Petitioners further represent that the Merger will facilitate increased efficiencies of operation and lower regulatory costs. They also represent that ratepayers should benefit from these efficiencies. The Joint Petitioners state that base rates will not change for any customer as a result of the Merger and that any change in base rates would be by separate application by Aqua Virginia at a later time.<sup>4</sup> The Joint Petitioners state that no adverse impact on the provision of adequate service to the public at just and reasonable rates as a result of the merger will occur and, therefore, the Merger meets the requirements for Commission approval under the Utility Transfers Act.

NOW THE COMMISSION, upon consideration of the Petition and comments of the Joint Petitioners, and having been advised by its Staff, is of the opinion and finds that the proposed Merger will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted subject to certain requirements set forth in the Appendix attached to this Order. We further find that Aqua Virginia's CPCN should be amended to include the service territories of the Virginia Subsidiaries. We find that the issuance of such certificate: (i) will have no material adverse effect upon the rates paid by the customers of any regulated public utility in the Commonwealth of Virginia; (ii) will have no material adverse effect upon reliability of water or wastewater service provided by any such regulated public utility; and (iii) is not otherwise contrary to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant § 56-88.1 of the Code, the Joint Petitioners are hereby granted approval of the Merger as described herein and subject to the requirements set forth in the Appendix attached to this Order.

<sup>1</sup> Section 56-88 *et seq.* of the Code of Virginia ("Code").

<sup>2</sup> Code § 56-265 *et seq.*

<sup>3</sup> Code § 56-76 *et seq.*

<sup>4</sup> The Commission notes that the current rates charged by Aqua Captain's Cove are the subject of an ongoing proceeding to determine the reasonableness of rates implemented pursuant to the Small Water or Sewer Public Utility Act, Code § 56-265.13:1 *et seq.*, which is currently docketed as Case No. PUR-2017-00017. The rates implemented by a Final Order in Case No. PUR-2017-00017 will be the rates applicable to the customers in the Aqua Captain's Cove portion of Aqua Virginia's service territory. The Commission also notes that Aqua Wintergreen has interim rates that were authorized in Case No. PUE-2014-00126. Staff issued a report regarding the interim rates on April 20, 2017, which are pending a final Commission decision. *See Joint Petition of Aqua Wintergreen Valley Utility Company, Inc. and Wintergreen Valley Utility Company, L.P. For approval of a transfer of utility assets*, Case No. PUE-2014-00126, 2015 S.C.C. Ann. Rep. 261, Order Granting Approval (June 3, 2015).

(2) Aqua Presidential's CPCNs W-335(a) and S-95(a), Aqua Wintergreen's CPCNs W-270(b) and S-78(b), and Aqua Captain's Cove CPCNs W-275(b) and S-80(b) shall be cancelled subsequent to the completion of the proposed Merger.

(3) Aqua Virginia is hereby authorized to amend its CPCNs pursuant to the Utility Facilities Act to include the service territories canceled above. Certificates W-325(j) and S-95c are hereby issued to Aqua Virginia.

(4) This matter is hereby dismissed.

#### APPENDIX

1. The Commission's approval of the Merger shall have no ratemaking implications. In particular, the Commission's approval shall not guarantee recovery of any cost directly or indirectly related to the proposed Merger.

2. The quality of service of the Joint Petitioners' service territories shall not deteriorate due to the Merger.

3. Aqua Virginia, upon completion of the proposed Merger, shall promptly file its proposed tariffs and terms and conditions of service, in accordance with the recommendations above, with the Division of Public Utility Regulation. Contemporaneously with the filings of Aqua Virginia's tariffs, the Virginia Subsidiaries shall cancel all tariffs and terms and conditions of service.

4. Aqua Virginia shall keep separate accounting records for each of the systems.

5. Within thirty (30) days after the closing of the Merger, Aqua Virginia shall file a report of action with the Commission that includes the date of the closing of the Merger.

### CASE NO. PUR-2017-00020 MARCH 21, 2017

#### APPLICATION OF SOUTHSTAR ENERGY SERVICES, LLC d/b/a VIRGINIA RETAIL ENERGY

For a license to conduct business as a natural gas competitive service provider

#### ORDER GRANTING LICENSE

On February 6, 2017, SouthStar Energy Services, LLC d/b/a Virginia Retail Energy ("SouthStar" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas ("Application"). Through its Application, the Company seeks authority to serve residential, small commercial, large commercial, and governmental customers throughout the Virginia service territory of Washington Gas Light Company ("WGL").<sup>1</sup> SouthStar attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On February 14, 2017, the Commission entered an Order for Notice and Comment ("Order") that, among other things, docketed the case; required SouthStar to serve a copy of the Order upon WGL; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Staff Report"); and provided an opportunity for participants to file any reply comments to the Staff Report.

On February 15, 2017, SouthStar filed proof of service. No comments were filed concerning the Company's Application.

On March 9, 2017, Staff filed its Staff Report, which summarized SouthStar's Application and evaluated its financial condition and technical fitness. Staff concluded that SouthStar has the technical fitness necessary to conduct business as a supplier of natural gas based on its existing operations in 12 states.<sup>3</sup> Staff also concluded that SouthStar appears to have the financial fitness necessary to conduct business as a supplier of natural gas based on existing operations as well as a financial guarantee from its parent company, Southern Company Gas ("SCG").<sup>4</sup>

The Staff Report also noted that while SouthStar is an affiliate of Virginia Natural Gas, Inc. ("VNG") through common ownership under SCG, SouthStar has represented that the Company maintains separate offices, operations, and employees from VNG, and it has no agreements with VNG that would affect the provision of competitive energy services in the Commonwealth of Virginia.<sup>5</sup> Moreover, the Staff Report noted that to the extent SouthStar would receive any services from Sequent Energy Management, L.P. ("Sequent"), a common affiliate of VNG and SouthStar, SouthStar had represented that

<sup>1</sup> Application at 7. On February 8, 2017, SouthStar filed a supplement to its Application indicating the Company also wishes to serve governmental customers.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

<sup>3</sup> Staff Report at 2, 4-5.

<sup>4</sup> *Id.* at 3-5.

<sup>5</sup> *Id.* at 2-3.



the Company would require that Sequent not use any VNG personnel, natural gas contracts, capacity, assets, customer information, or other information directly related to VNG's business.<sup>6</sup>

Staff recommended that SouthStar be granted a license to conduct business as a competitive service provider of natural gas to residential, small commercial, large commercial, and governmental customers throughout the Virginia service territory of WGL.<sup>7</sup> On March 9, 2017, SouthStar filed a letter stating that the Company had opted not to file a response to the Staff Report and representing that SouthStar supports issuance of the requested license as recommended in the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that SouthStar meets the requirements for a license to conduct business as a competitive supplier of natural gas and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) SouthStar is hereby granted License No. G-50 to conduct business as a competitive service provider of natural gas for residential, small commercial, large commercial, and governmental customers throughout the Virginia service territory of WGL. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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<sup>6</sup> *Id.* at 3.

<sup>7</sup> *Id.* at 5.

**CASE NO. PUR-2017-00021  
MARCH 23, 2017**

APPLICATION OF  
TNCI OPERATING COMPANY LLC

For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services

**ORDER CANCELLING CERTIFICATES**

On February 10, 2017, TNCI Operating Company LLC ("TNCI") filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity permitting the provision of local exchange (No. T-730) and interexchange telecommunications services (No. TT-277A) previously issued pursuant to the Commission's Final Order in Case No. PUC-2013-00014.<sup>1</sup>

NOW THE COMMISSION, upon consideration of this matter, finds that Certificate No. T-730 and Certificate No. TT-277A issued to TNCI should be cancelled, as well as any associated tariffs on file with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2017-00021.

(2) Certificate of public convenience and necessity, No. T-730, issued to TNCI to provide local exchange telecommunications services throughout the Commonwealth of Virginia is cancelled.

(3) Certificate of public convenience and necessity, No. TT-277A, issued to TNCI to provide interexchange telecommunications services throughout the Commonwealth of Virginia is cancelled.

(4) Any tariffs on file associated with the foregoing certificates are cancelled.

(5) This case is dismissed.

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<sup>1</sup> *Application of TNCI Operating Company LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00014, 2013 S.C.C. Ann. Rept. 203, Final Order (July 11, 2013).

**CASE NO. PUR-2017-00022  
APRIL 12, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
PIVOTAL PROPANE OF VIRGINIA, INC.

For authority to enter into a temporary construction easement pursuant to Va. Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On February 16, 2017, Virginia Natural Gas, Inc. ("VNG"), and Pivotal Propane of Virginia, Inc. ("PPOV") (collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> seeking approval to enter into a temporary construction easement agreement ("Proposed Easement Agreement") to allow VNG to move, stage, and store certain equipment, facilities, and other personal property on land owned by PPOV. The Applicants indicate that the Proposed Easement Agreement is a short-term temporary agreement<sup>2</sup> that would allow VNG to store gas pipeline and associated material on PPOV's property ("Easement Area") prior to and during the construction of VNG's Southside Connector Distribution Project ("SCDP").<sup>3</sup>

The Applicants state that the Easement Area is approximately one-half mile from the end of the route of the SCDP. The Applicants state that the Proposed Easement Agreement provides VNG with: (i) an exclusive easement upon, over, under, through, and across the Easement Area to move, stage, and store VNG's property; and (ii) a non-exclusive right, privilege and easement to cut, clear, remove, and dispose of all tree limbs, stumps, roots and undergrowth. The Applicants represent that, under the Proposed Easement Agreement, VNG will pay PPOV a nominal consideration of \$10 for an exclusive easement, which is a significant cost savings compared to acquiring such an easement at market prices. The Applicants indicate there are no other payments or reimbursements associated with the Proposed Easement Agreement and that PPOV will not be unduly benefited or cross-subsidized at VNG's expense.

NOW THE COMMISSION, upon consideration of this matter and having being advised by its Staff, is of the opinion and finds that the Applicants' request to enter into the Proposed Easement Agreement is in the public interest and should be approved subject to certain requirements listed in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Proposed Easement Agreement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1. The duration of the Commission's approval for the Proposed Easement Agreement shall be limited to December 31, 2018. Should the Applicants wish to continue or extend the Proposed Easement Agreement beyond that date, separate Commission approval shall be required.

2. The Commission's approval of the Proposed Easement Agreement shall be limited to the specific purposes identified in the Application. Should VNG wish to use the Easement Area for any other purposes, separate Commission approval shall be required.

3. Separate Commission approval shall be required for any changes in the terms and conditions of the Proposed Easement Agreement.

4. The Commission's approval herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Proposed Easement Agreement.

5. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.

6. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by this Commission.

7. VNG shall file with the Commission a signed and executed copy of the Proposed Easement Agreement within thirty (30) days of its execution, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

8. All transactions associated with the Proposed Easement Agreement shall be included in VNG's Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director.

9. In the event that VNG's Annual Informational Filings or expedited or rate case filings are not based on a calendar year, VNG shall include the affiliate information contained in its ARAT for the test period in such filings.

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> The Proposed Easement Agreement has an expiration date of December 31, 2018.

<sup>3</sup> The anticipated in-service date of the SCDP is September 30, 2018.

**CASE NO. PUR-2017-00024  
MAY 12, 2017**

APPLICATION OF  
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

**ORDER ESTABLISHING FUEL FACTOR**

On February 17, 2017, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia ("Code"), its application, written testimony, and exhibits proposing to increase its levelized fuel factor by \$0.00182 per kilowatt-hour ("kWh"), from \$0.02286 per kWh to \$0.02468 per kWh, effective for service rendered on and after April 1, 2017 ("Application"). According to KU/ODP, the proposed fuel factor represents an increase of \$1.82 per month for a customer using 1,000 kWh per month.<sup>1</sup>

On March 2, 2017, the Commission issued an Order Establishing 2017-2018 Fuel Factor Proceeding that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's Application; (3) required KU/ODP to provide public notice of its Application; and (4) directed the Company to place its proposed fuel factor into effect on an interim basis for service rendered on and after April 1, 2017.

Comments were filed opposing the Company's proposed rate increase on behalf of the Town Council for the Town of Appalachia on March 17, 2017; the Board of Supervisors of Wise County on April 20, 2017; and the Council of the Town of Big Stone Gap on April 27, 2017. On March 31, 2017, the Office of the Attorney General's Division of Consumer Counsel filed a notice of participation in this proceeding.

On April 12, 2017, the Staff of the Commission ("Staff") filed testimony concluding that the Company's projected Virginia jurisdictional fuel expenses and sales for the forecast period were reasonable. After the Company provided an updated recovery balance, the Staff recommended an adjustment to change the correction factor and recommended that the Commission approve a new total levelized fuel factor of \$0.02449 per kWh, instead of the \$0.02468 per kWh initially proposed by KU/ODP and put into effect on an interim basis for service rendered on and after April 1, 2017.

On April 20, 2017, KU/ODP filed a letter advising that it believed that Staff's adjustment to the proposed fuel factor was reasonable and that it would not file rebuttal testimony in this proceeding.

On April 27, 2017, the Chief Hearing Examiner convened the public hearing and admitted the Company's Application, testimony, and exhibits and the Staff's testimony into the record. No public witnesses appeared to testify at the hearing.

On May 4, 2017, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report") was issued. The Chief Hearing Examiner found Staff's proposed levelized fuel factor to be reasonable and consistent with the requirements of Code § 56-249.6 A 1 and the Commission's standards for fuel cost projections set forth in 20 VAC 5-300-100. Accordingly, the Chief Hearing Examiner recommended that the Commission approve for KU/ODP a levelized fuel factor of \$0.02449 per kWh to be effective for service rendered on and after the earliest practical date. In her Report, the Chief Hearing Examiner provided an opportunity for the parties to file comments on the Report.

On May 9, 2017, KU/ODP filed comments on the Chief Hearing Examiner's Report stating that the Company does not object to the Report and has no additional comments. The Staff also filed comments on May 9, 2017, stating that the Staff has reviewed the Report and asking that the Commission adopt the findings and recommendations contained therein.

NOW THE COMMISSION, having considered the record in this case, the Report of the Chief Hearing Examiner, and the applicable law, is of the opinion and finds that the findings and recommendations in the Chief Hearing Examiner's Report should be adopted. Accordingly, we find that setting the Company's fuel factor at \$0.02449 per kWh is reasonable and appropriate. We find that this rate should be approved and effective for service rendered on and after June 1, 2017, pending further order of the Commission.

However, our approval of the fuel factor should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order Establishing Fuel Factor is final, as this matter is continued pending the Staff's audit of actual fuel expenses and the Commission's entry of a final order addressing the Company's fuel recovery position. Should the Commission find that (1) any component of KU/ODP's actual fuel expenses or credits has been included or excluded inappropriately, or (2) KU/ODP has failed to make every reasonable effort to minimize costs or has made decisions resulting in unreasonable fuel costs, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of KU/ODP's next fuel factor proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Chief Hearing Examiner hereby are adopted.
- (2) The proposed revised fuel factor of \$0.02449 per kWh hereby is approved and shall be effective for service rendered on and after June 1, 2017.
- (3) This case is continued.

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<sup>1</sup> Application at 5.

**CASE NO. PUR-2017-00026  
AUGUST 28, 2017**

PETITION OF  
THE WESTERN VIRGINIA WATER AUTHORITY,  
and  
AUBON WATER CO., SML WATER COMPANY, CHEROKEE HILLS WATERWORKS, INC.,  
DEER CREEK WATER CO., INC., FOX CHASE WATER COMPANY, LLC,  
LAKE FOREST WATERWORKS, INC., RIDGECREST WATERWORKS, INC.,  
TWIN COVES WATER COMPANY, BEL LAGO WATER COMPANY,  
COMPASS COVE WATER SYSTEM, INC., HIGHLAND LAKE WATERWORKS, INC.,  
RETREAT WATER COMPANY, TIMBERLAKE WATER COMPANY,  
THE FRANKLIN WAVERLY WATER COMPANY, LAKEWATCH UTILITY COMPANY,  
Petitioners,

For approval of a transfer of a public utility

**ORDER GRANTING APPROVAL**

On February 23, 2017, the Western Virginia Water Authority ("Authority"), a public service authority organized and existing under the Virginia Water and Waste Authorities Act, § 15.2-5100 *et seq.* of the Code of Virginia ("Code"), and the 15 entities listed below as Sellers [{"Petrus Entities" or "Sellers"}] (collectively with the Authority, the "Petitioners")]:

1. Aubon Water Co.
2. SML Water Company
3. Cherokee Hills Waterworks, Inc.
4. Deer Creek Water Co., Inc.
5. Fox Chase Water Company, LLC
6. Lake Forest Waterworks, Inc.
7. Ridgecrest Waterworks, Inc.
8. Twin Coves Water Company
9. Bel Lago Water Company
10. Compass Cove Water System, Inc.
11. Highland Lake Waterworks, Inc.
12. Retreat Water Company
13. Timberlake Water Company
14. The Franklin Waverly Water Company
15. LakeWatch Utility Company

filed a petition ("Petition") seeking authorization for the Sellers to transfer to the Authority 17 water systems and one wastewater system (collectively, the "Systems"), including all assets used in the operation of the Systems, owned by the Petrus Entities, located in Franklin County, Virginia ("Transfer").

The Petitioners state that the Authority proposes to adopt its existing Franklin County user rates for the customers of the Systems.<sup>1</sup> The Petitioners assert that the adoption of these rates would result in a decrease in the current rates charged by the Petrus Entities in all but two of the Systems: Lake Forest and LakeWatch.<sup>2</sup>

For the Lake Forest System, the Petitioners state that current rates are a bi-monthly flat rate of \$60. The Authority rate for the Lake Forest System would be a monthly fee of \$30 for 5,000 gallons with additional water provided at the rate of \$5 per 1,000 gallons.<sup>3</sup>

For the LakeWatch sewer service residential customers, the Petitioners state that current residential rates are a quarterly flat rate of \$90.<sup>4</sup> The Authority residential rate for the LakeWatch system would be \$11 per month for each sewer connection with a 5/8 inch water meter. In addition to this base rate, the Authority would charge a volume charge of \$7.60 per 1,000 gallons as a monthly rate for residential sewer services in Franklin County.<sup>5</sup> Thus, for the LakeWatch system, the monthly cost per customer would be \$49<sup>6</sup> for 5,000 gallons of usage under the Authority's rates. This would result in a \$19 increase for a residential customer of LakeWatch using 5,000 gallons per month.<sup>7</sup> The Petitioners have notified the customers affected by the proposed Transfer, and the Commission has not received any comments.

<sup>1</sup> *Id.* at 10.

<sup>2</sup> *Id.*

<sup>3</sup> Appendix A6 to Petition at 4.

<sup>4</sup> Appendix A15 to Petition at 4.

<sup>5</sup> *Id.*

<sup>6</sup> The Petitioners reached this figure by adding the base rate of \$11 to \$38 (which is the \$7.60 per 1,000 gallon rate multiplied by 5).

<sup>7</sup> Appendix A15 to Petition at 4.

On July 27, 2017, the Staff of the State Corporation Commission ("Staff") filed its Staff Report recommending the Transfer of the Systems with the exception of the Timberlake System. Due to an issue of unclear title at the time of the filing of the Staff Report, Staff recommended denial of the transfer of the Timberlake System unless evidence of clear title to the Timberlake System by David Petrus was provided to the Commission. On August 11, 2017, the Petitioners filed comments to the Staff Report, in which the Petitioners provided evidence of clear title to the Timberlake System by David Petrus.

NOW THE COMMISSION, upon consideration of this matter, 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 that we should grant the Petrus Entities the authority to dispose of the Systems as set forth in the Petition. This approval is subject to the requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners are hereby granted approval of the Transfer as described herein.
- (2) Within ninety (90) days of completing the proposed Transfer, the Petitioners shall file a report of action with the Commission that includes the date of the Transfer.
- (3) The Petrus Entities shall provide all records related to the transferred assets to the Authority at closing.
- (4) The certificates of public convenience and necessity granted to the Petrus Entities shall be cancelled upon receipt of the report of action.
- (5) This case is hereby dismissed.

**CASE NO. PUR-2017-00027  
DECEMBER 18, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an experimental Multifamily Line Extension Program pursuant to § 56-234 of the Code of Virginia and for a waiver of provisions of Rule 20 VAC 5-303-20

**FINAL ORDER**

On February 23, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a five-year experimental Multifamily Line Extension Program ("Pilot"), pursuant to § 56-234 of the Code of Virginia ("Code"). The Company states in the Application that the "Pilot is designed to assess the feasibility and economic benefits of providing economically justified contributions to builders and developers" that "are intended to reduce impediments to the installation of natural gas service to multifamily customers located...throughout the Company's service territory."<sup>1</sup>

In its Application, CVA also requests a waiver of the provisions of Rule 20 VAC 5-303-20 of the Commission's Rules Governing Utility Promotional Allowances ("Promotional Allowance Rules"),<sup>2</sup> thus affording the Company an opportunity to recover the costs of the Pilot in the context of a base rate proceeding.<sup>3</sup> The Company also included with its Application proposed new language to its existing line extension policy embodied in Section 8.2 of the Company's General Terms and Conditions of Service ("GT&Cs"). New Section 8.2(a)(i)(4) of the GT&Cs ("Multifamily Tariff")<sup>4</sup> provides that following a determination that an extension of service to a multifamily project would produce a positive net present value ("NPV") (*i.e.*, the anticipated revenues from new service to the applicant exceed the expected cost of extending service), an eligible builder or developer would be offered a line extension agreement, which would include a Company contribution to the builder or developer to be used to offset the costs of internal piping and venting.<sup>5</sup> The contribution may not be used for the procurement of natural gas appliances.<sup>6</sup> Under the proposed Multifamily Tariff, the contribution may not exceed the lesser of: (i) the actual per-unit cost for installation of gas piping and venting in the multifamily project; (ii) 80% of the positive NPV (on a per unit basis) of the development, as calculated using CVA's economic analysis; or (iii) \$1,250 per unit.<sup>7</sup> The Company proposes to provide any such contribution on a per-unit basis to the builder or developer as units are completed, the meter is activated, and the actual costs of installation of internal piping and exhaust venting are provided to and verified by the Company.<sup>8</sup>

<sup>1</sup> Exhibit ("Ex.") 2 (Application) at 1.

<sup>2</sup> 20 VAC 5-303-10 *et seq.*

<sup>3</sup> Ex. 2 (Application) at 1, 5.

<sup>4</sup> See Ex. 2 (Application), Exhibit A.

<sup>5</sup> Ex. 2 (Application) at 3.

<sup>6</sup> *Id.*, Exhibit A.

<sup>7</sup> Ex. 2 (Application) at 3.

<sup>8</sup> *Id.* at 3-4.

According to the Company, the Pilot will be available to all new multifamily projects in the Company's service area that generate a positive NPV.<sup>9</sup> For purposes of the Pilot, a "multifamily" building must have at least two individually metered dwelling units served through a single service line.<sup>10</sup> The Pilot also will be available to existing multifamily developments that are not served with natural gas but are requesting natural gas service to be provided to at least two individually metered dwelling units served through a single service line.<sup>11</sup> The Company proposes a \$5 million cap on cumulative contributions committed to during the five-year term of the Pilot.<sup>12</sup>

For purposes of cost recovery, the Company plans to amortize the cost of the contribution payments over a 480-month period, which is consistent with the time period over which projects are evaluated under the Company's line extension policy.<sup>13</sup> The Company does not propose to defer any carrying costs associated with contributions actually paid.<sup>14</sup> The Company does, however, propose to include the unamortized balance of contributions, net of associated deferred taxes, in rate base in future rate case proceedings.<sup>15</sup>

According to the Company, the Pilot is designed to: (1) reduce the relatively high up-front costs of installing internal piping and venting within multifamily projects where an extension of service by CVA is economically justified; (2) afford the ultimate occupants of those multifamily buildings the opportunity to receive the economic benefits of low cost, clean, and reliable natural gas service; and (3) increase CVA's natural gas multifamily customer base throughout its service area in an economic and rational manner, which will expand the customer base over which its fixed cost of service will be recovered.<sup>16</sup> For those reasons, the Company asserts that approval of the Pilot is in the public interest.<sup>17</sup>

The Company asserts also that the Pilot is necessary in order for CVA to acquire information that is or may be in furtherance of the public interest.<sup>18</sup> Specifically, the Company intends to track data relating to the contributions provided, number of projects completed, number of meters added, estimated load added, and estimated benefits passed on to existing customers.<sup>19</sup> Additionally, the Company plans to evaluate whether the 80% of positive NPV CAP on contributions as well as the \$1,250 per-unit cap on contributions are effective and whether either or both of the limitations on contributions should be adjusted in the event that the Pilot is extended or made permanent.<sup>20</sup> In addition, the Company intends to assess whether the 480-month amortization period is reasonable or should be adjusted.<sup>21</sup> The Company proposes to file a report within 120 days after the end of the second year of the Pilot and within 120 days after the end of each year of the Pilot thereafter.<sup>22</sup>

On March 13, 2017, the Commission entered an Order for Notice and Hearing that, among other things, required the Company to provide public notice of its Application; permitted interested persons to file comments on the Application or participate, and file testimony, as respondents in this proceeding; directed the Commission Staff ("Staff") to investigate the Application and file testimony containing its findings and recommendations; and provided CVA an opportunity to file rebuttal testimony.

Notices of Participation were filed by Appalachian Power Company ("APCo") and Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") on April 5, 2017, and April 27, 2017, respectively. On May 23, 2017, APCo filed the testimony of William K. Castle, and Dominion filed the testimony of John I. Harris. APCo witness Castle testified that CVA's Pilot could negatively impact APCo's customers to the extent the Pilot results in lower electric load and a burden on APCo's customers from APCo's fixed costs being recovered over fewer kilowatt hours ("kWh").<sup>23</sup> Mr. Castle further testified that CVA should employ the cost-effectiveness tests used to evaluate demand-side management programs in evaluating a "fuel substitution and load building program."<sup>24</sup>

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<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Ex. 3 (Horner Direct) at 10.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Ex. 2 (Application) at 4.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 4-5.

<sup>21</sup> *Id.* at 5.

<sup>22</sup> Ex. 3 (Horner Direct) at 11.

<sup>23</sup> Ex. 5 (Castle Direct) at 2-3.

<sup>24</sup> *Id.* at 3-4.

Dominion witness Harris asserted that there are additional Pilot costs that CVA did not identify in its Application, specifically the potential loss of revenue credits provided under Dominion's Terms & Conditions to builders and developers for installing three-phase electrical service underground facilities within developments.<sup>25</sup> Mr. Harris asserted also that CVA overstated the benefits of the Pilot due to flaws in the electric energy usage figures presented by the Company.<sup>26</sup> Mr. Harris further testified that if the Pilot is approved, participation should be limited to multifamily units having four or more individually metered units, consistent with the multifamily pilot program approved in Case No. PUE-2015-00132 for Washington Gas Light Company ("WGL").<sup>27</sup>

On June 13, 2017, Staff filed the testimony of Samuel Mattox and Allison F. Samuel, with the Commission's Divisions of Utility Accounting and Finance and Public Utility Regulation, respectively. Staff witness Mattox addressed accounting and ratemaking treatment of Pilot costs and described Staff's concerns about financial risks of the Pilot. Specifically, Mr. Mattox stated that Staff agrees with CVA's plan not to defer carrying costs on paid contributions between rate cases; however, Staff disagrees with the Company's proposal to include the unamortized contributions in rate base in future rate cases.<sup>28</sup> Staff recommended that if the Pilot is approved, the costs of the Pilot be recovered without a return component.<sup>29</sup> Staff further recommended that if a contribution payment is impaired, the associated unamortized deferral should be fully expensed and borne by shareholders, not ratepayers.<sup>30</sup> To address the risk that the NPV of a multifamily project could change during its development, Staff recommended that the Company require the builder or developer to repay any amount of a contribution that is in excess of 80% of the positive NPV of a particular project, and that any unrecovered excess amounts should be considered impaired.<sup>31</sup>

Staff witness Samuel recommended that if the Commission finds the Pilot is in the public interest, program participation should be limited to 3,500 or 7,000 individually metered units, or another amount deemed appropriate by the Commission.<sup>32</sup> Staff supported CVA's proposed reporting requirements and further recommended that CVA provide the following additional information: (i) the number, size, and type of multifamily units participating in the Pilot; (ii) actual cost and benefit data to support the appropriate contribution amount based on net economic benefits; and (iii) the impacts on the load of alternative energy suppliers.<sup>33</sup>

On July 11, 2017, CVA filed the rebuttal testimony of two witnesses. Among other things, the Company disagreed with Staff's recommendation to establish a cap on the number of participating units in the Pilot on the grounds that the Company's proposed \$1,250 maximum contribution cap combined with the proposed \$5 million total cap effectively limits the number of units eligible to participate in the Pilot.<sup>34</sup> The Company agreed with Staff that any asset impairments would be written off in the year the impairment is assessed, including any amounts of excess contribution payments not collected from builders or developers associated with project completion analysis.<sup>35</sup> The Company continued to maintain that rate base treatment is appropriate for the unamortized balance of contributions, net of deferred taxes but supported deferring this issue to a future ratemaking proceeding.<sup>36</sup> The Company agreed to collect and report the additional information recommended by Staff.<sup>37</sup>

The Hearing Examiner convened an evidentiary hearing as scheduled on July 25, 2017. The Company, Staff, APCo, and Dominion participated at the hearing. On September 5, 2017, the Company, APCo, and Dominion filed post-hearing briefs.

On October 3, 2017, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Chief Hearing Examiner's Report"), was filed. Therein, the Chief Hearing Examiner, among other things, summarized the record in this case and made certain findings and recommendations. In particular, the Chief Hearing Examiner recommended that the Commission approve the Pilot as an "experiment" under Code § 56-234 B that is "necessary in order to acquire information which is or may be in furtherance of the public interest"<sup>38</sup> and grant the Company's requested waiver of Rule 20 VAC 5-303-20 of the Promotional Allowance Rules<sup>39</sup> based on the following findings:

<sup>25</sup> Ex. 6 (Harris Direct) at 2-3.

<sup>26</sup> See *id.* at 3-5.

<sup>27</sup> *Id.* at 5-6; *Application of Washington Gas Light Company, For approval of a revision to General Service Provision No. 14 of the Company's Virginia tariff and associated pilot program*, Case No. PUE-2015-00132, Doc. Con. Cen. No. 160740280, Order on Application (July 28, 2016).

<sup>28</sup> Ex. 11 (Mattox Direct) at 9.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at 5-6.

<sup>31</sup> *Id.* at 6-8.

<sup>32</sup> Ex. 12 (Samuel Direct) at 10, 13.

<sup>33</sup> *Id.* at 11-12.

<sup>34</sup> Ex. 15 (Horner Rebuttal) at 3-4.

<sup>35</sup> *Id.* at 5-6. The Company also agreed to add language to the line extension agreement to require the builder or developer to pay back to the Company any excess contributed amount if changed circumstances cause the contribution amount to be recalculated during construction. See Ex. 13 (Griffin Rebuttal) at 2.

<sup>36</sup> Ex. 15 (Horner Rebuttal) at 6-7.

<sup>37</sup> Tr. 92-93.

<sup>38</sup> Chief Hearing Examiner's Report at 15.

<sup>39</sup> *Id.* at 18.

- (1) [CVA's] proposed Pilot is an experiment that would offer promotional allowances within 20 VAC 5-303-20.
- (2) Contribution payments under the Pilot should be limited to no more than \$2.625 million over the five-year term of the Pilot and program participation should be limited to no more than 3,500 individually metered units.
- (3) The inclusion of two- and three-unit buildings in the Pilot is not necessary to acquire information that is or may be in the furtherance of the public interest.
- (4) The Pilot is otherwise necessary for [CVA] to acquire information that is or may be in the furtherance of the public interest through a program that is in, and not adverse to, the public interest.
- (5) [CVA] should file with the Commission annual reports, the first of which would be filed within 120 days after the end of the second year of the Pilot, including the following information:
  - (a) Total number of projects completed under the Pilot;
  - (b) Total number of meters added to the Company's system through the Pilot;
  - (c) The number, type, and size of units participating in the Pilot;
  - (d) Total amount of load added to the Company's system as a result of the projects included in the Pilot;
  - (e) Data on the contributions provided, including actual dollar amounts paid per project, and estimated benefits passed on to existing customers;
  - (f) Actual cost and benefit data to support the appropriate contribution amount based on net economic benefits;
  - (g) Data on whether the 80%/20% split of the economic benefit, subject to the maximum per-unit contribution of \$1,250, is effective, and, if the Company requests the Pilot be extended or made permanent, whether either or both of the limitations on contributions should be adjusted;
  - (h) Data on whether a 480-month amortization period is reasonable or should be adjusted; and
  - (i) Impacts on the load of alternative energy suppliers, including the equipment installed, estimated kWh displaced, and the methodology for such calculations.
- (6) Accounting and ratemaking issues associated with the Pilot may be addressed in a future proceeding and need not be addressed in the instant proceeding.<sup>40</sup>

On October 24, 2017, the Company and Dominion filed comments to the Chief Hearing Examiner's Report. The Company supported the Chief Hearing Examiner's recommendations to approve the Pilot and authorize a waiver of the Promotional Allowance Rules, as well as the recommended reporting requirements. The Company disagreed, however, with the recommended \$2.625 million five-year cumulative spending cap, asserting that it is inconsistent with the recommended 3,500 unit cap and "would effectively limit the Pilot to as few as 2,120 units, thus rendering the 3,500 unit cap meaningless."<sup>41</sup> The Company stated that the inconsistency can best be remedied by increasing the five-year cap to \$4.375 million or eliminating the cap altogether.<sup>42</sup> The Company also disagreed with the Chief Hearing Examiner's recommendation to exclude two- and three-unit buildings from the Pilot on the grounds that it is not supported in the record and "would inhibit CVA's ability to acquire information that is or may be in furtherance of the public interest."<sup>43</sup> Among other things, the Company stated that the inclusion of two- and three-unit buildings in the Pilot is necessary for the Company to identify differences in the response of two- and three-unit builders/developers to the Pilot as well as whether a separate contribution level is appropriate for those units.<sup>44</sup>

In its comments, Dominion reiterated its position that the Pilot is overly broad and its benefits are questionable and requested that if the Commission approves the Pilot on an experimental basis, the Commission's order include, at a minimum, all of the Chief Hearing Examiner's recommendations.<sup>45</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's proposed Pilot is approved on the date of this Order and shall continue for a period of five years, subject to certain limitations described below.

Code § 56-234 B

The Company seeks approval of the Pilot under Code § 56-234 B, which states, in part:

It shall be the duty of every public utility to charge uniformly therefor all persons, corporations or municipal corporations using such service under like conditions. However, no provision of law shall be deemed to preclude voluntary rate or rate design tests or experiments, or other experiments involving the use of special rates, where such experiments have been approved by order of the Commission after notice and hearing and a finding that such experiments are necessary in order to acquire information which is or may be in furtherance of the public interest.

<sup>40</sup> *Id.* at 17-18.

<sup>41</sup> Company Comments at 1-2.

<sup>42</sup> *Id.* at 2, 6-7.

<sup>43</sup> *Id.* at 2.

<sup>44</sup> *Id.* at 9.

<sup>45</sup> Dominion Comments at 1-2.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Company also requests a waiver of 20 VAC 5-303-20 of the Promotional Allowance Rules.

Section 20 VAC 5-303-10 states:

The purpose of these rules is to establish the conditions under which electric and gas utilities operating in Virginia may propose to recover reasonable costs associated with promotional allowances to customers. Any utility proposing a promotional allowance program shall demonstrate that such program is reasonably calculated to promote the maximum effective conservation and use of energy and capital resources in providing energy services. Promotional allowance programs shall be cost justified using appropriate cost/benefit methodologies.

Section 20 VAC 5-303-20 states:

Except as provided for under 20 VAC 5-303-30, no electric or gas utility shall give or offer to give any payment, subsidy or allowance, directly or indirectly or through a third party, to influence the installation, sale, purchase, or use of any appliance or equipment.

Section 20 VAC 5-303-30 provides the permitted activities:

- (1) Unless otherwise specifically prohibited in writing by the Commission, the following activities are not prohibited by these rules:
  - a. Advertising by a utility in its own name, consistent with § 56-235.2 of the Code of Virginia.
  - b. Joint advertising with others, if the utility is prominently identified as a sponsor of the advertisement consistent with § 56-235.2 of the Code of Virginia.
  - c. Financing the purchase of appliances by utilities so long as the interest rate or carrying charge to the purchaser is not less than the interest rate paid by the utility for short term debt.
  - d. Merchandising of appliances or equipment by utilities.
  - e. Inspection and adjustment of appliances by utilities. Repairs and other maintenance to appliances and equipment if charges are at cost, or above.
  - f. Donation or lending of appliances by utilities to schools for instructional purposes.
  - g. Technical assistance offered to customers by employees of utilities.
  - h. Incentives to full time employees of utilities.
- (2) Promotional allowance programs designed to achieve energy conservation, load reduction, or improved energy efficiency are permitted under these rules, subject to the prior approval of the Commission. Any promotional allowance program proposed under this chapter shall comply with the standards contained in 20 VAC 5-303-40.

Section 20 VAC 5-303-40 provides the promotional allowance program standards:

- (1) Any utility offering a promotional allowance program shall adhere to the following standards:
  - a. The promotional allowance program shall not vary the rates, charges and schedules of the tariff under which service is rendered to the customer.
  - b. A utility may not, directly or indirectly, offer or grant to a customer any form of promotional allowance except as is uniformly and contemporaneously extended to all customers in the same reasonably defined class.
  - c. Any utility promotional allowance program should be designed in such a manner so as to minimize the potential for placing private businesses at an undue competitive disadvantage.
  - d. To the extent applicable, any appliances or equipment promoted by a utility under a promotional allowance program shall have energy efficiency ratings which meet or exceed current federal standards as contained in the National Appliance Energy Conservation Act (Public Law 100-12), or any subsequent amendments thereof. The Commission may, at its discretion, impose other standards for appliances or equipment promoted under a utility promotional allowance program.
  - e. Any utility proposing a promotional allowance program that would have a significant effect on the sales levels of an alternative energy supplier shall consider the effect of the program on that supplier, and demonstrate that the program serves the overall public interest.

Section 20 VAC 5-303-50 permits waivers as follows:

A utility may file for exemptions from any or all of these rules. In making its decision regarding exemptions, the Commission will consider the size of the utility's operations in Virginia, the requirements of other regulatory bodies having jurisdiction over the utility, and the specific Virginia statutory authority under which the utility operates.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Finally, the Commission's authority is described in 20 VAC 5-303-60:

Notwithstanding any of the provisions of this chapter, the Commission may authorize an otherwise prohibited promotional allowance program if the Commission finds that it is in the public interest.

Nothing in the provisions of this chapter shall preclude the Commission from investigating, formally or informally, a utility promotional activity and, if it determines the activity to be adverse to the public interest, modifying or eliminating the activity.

We find that the proposed contribution to be paid through the Pilot would be a promotional allowance that falls within Section 20 VAC 5-303-20 because the contribution payment would offset the initial installation costs of natural gas piping and venting and thereby "influence the installation, sale, purchase, or use of any appliance or equipment." We further find that it is not one of the permitted activities enumerated in Section 20 VAC 5-303-30. As noted above, however, Section 20 VAC 5-303-50 permits waivers from the Rules, and Section 20 VAC 5-303-60 provides that the "Commission may authorize an otherwise prohibited promotional allowance program if the Commission finds that it is in the public interest."

We adopt the finding of the Chief Hearing Examiner that the proposed Pilot, with certain parameters and reporting requirements, is an experiment that is "necessary in order to acquire information which is or may be in furtherance of the public interest" under Code § 56-234 B.<sup>46</sup> We further adopt the Chief Hearing Examiner's finding that the proposed Pilot would offer promotional allowances within 20 VAC 5-303-20 and grant the Company's requested waiver of Rule 20 VAC 5-303-20, subject to the conditions set forth herein.

We adopt the recommendations of the Chief Hearing Examiner, except for the recommendation to exclude two- and three-unit buildings from the Pilot. We find that limiting CVA's Pilot to \$2.625 million and 3,500 units is reasonable, for the reasons stated in the Chief Hearing Examiner's Report.<sup>47</sup> We further find that inclusion of two- or three-unit buildings in the Pilot is necessary for CVA to acquire information that is or may be in the furtherance of the public interest. This aspect of CVA's Pilot differentiates it from the similar multifamily pilot program approved for WGL in Case No. PUE-2015-00132 and will, therefore, provide additional information for CVA's and the Commission's consideration.

We further find that the reporting requirements recommended by the Chief Hearing Examiner are reasonable. Finally, we agree with the Chief Hearing Examiner that determination of the ratemaking treatment of impairments and whether CVA should earn a return on its contributions may be addressed in a future rate proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Pilot is approved on the date of this Order, as set forth herein, and shall continue for a period of five (5) years.
- (2) Contribution payments made pursuant to the Pilot shall not exceed \$2.625 million over the term of the Pilot, and program participation shall be limited to no more than 3,500 individually metered apartments or condominium units, in buildings consisting of at least two individually metered dwelling units.
- (3) Forthwith the Company shall file applicable tariffs to implement the Pilot with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance.
- (4) Within 120 days after the end of the second year of the Pilot, and every year of the Pilot thereafter, the Company shall file a report that includes the following information:
  - (a) Total number of projects completed under the Pilot;
  - (b) Total number of meters added to the Company's system through the Pilot;
  - (c) The number, type, and size of units participating in the Pilot;
  - (d) Total amount of load added to the Company's system as a result of the projects included in the Pilot;
  - (e) Data on the contributions provided, including actual dollar amounts paid per project, and estimated benefits passed on to existing customers;
  - (f) Actual cost and benefit data to support the appropriate contribution amount based on net economic benefits;
  - (g) Data on whether the 80%/20% split of the economic benefit, subject to the maximum per-unit contribution of \$1,250, is effective, and, if the Company requests the Pilot to be extended or made permanent, whether either or both of the limitations on contributions should be adjusted;
  - (h) Data on whether a 480-month amortization period is reasonable or should be adjusted; and
  - (i) Impacts on the load of alternative energy suppliers, including the equipment installed, estimated kWh displaced, and the methodology for such calculations.

<sup>46</sup> Chief Hearing Examiner's Report at 15.

<sup>47</sup> *Id.* at 16.

(5) Determination of the ratemaking treatment of impairments and whether CVA should earn a return on its contributions may be addressed in a future rate proceeding. The Commission's approval of the Pilot shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the Pilot.

(6) This case is continued.

**CASE NO. PUR-2017-00030  
MAY 11, 2017**

APPLICATION OF  
STAND ENERGY CORPORATION

For a license to conduct business as an aggregator for electricity

**ORDER GRANTING LICENSE**

On March 6, 2017, Stand Energy Corporation ("Stand Energy" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity ("Application"). In its Application, Stand Energy seeks to serve commercial, industrial, educational, and governmental customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion") and Appalachian Power Company ("APCo") in the Commonwealth of Virginia.<sup>1</sup> Stand Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On March 21, 2017, the Commission entered an Order for Notice and Comment ("Order") that, among other things, docketed the case; required Stand Energy to serve a copy of the Order upon appropriate persons; provided an opportunity for interested persons to comment on the Application; required the Commission's Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file any reply comments to the Staff Report.

On March 24, 2017, Stand Energy filed proof of service. On April 6, 2017, Dominion filed a notice of participation and comments urging the Commission and its Staff to investigate and closely examine Stand Energy's financial fitness. In addition, Dominion stated that, as there was no indication that the Dun & Bradstreet Business Information Report ("D&B Report") that Stand Energy provided separately and directly to the Staff was confidential, the Commission should require the Company to file it with the Commission's Document Control Center for public review.

On April 11, 2017, the Staff filed its Staff Report summarizing Stand Energy's Application and evaluating its financial condition and technical fitness. Staff recommended that the Commission grant Stand Energy a license to conduct business as an aggregator of electricity to commercial, industrial, educational, and governmental customers throughout the Commonwealth of Virginia.<sup>3</sup> In addition, Staff noted that the Company provided its D&B Report to Staff in an envelope marked confidential and that Staff was unaware of the Commission ever requiring a company to file a D&B Report marked as confidential.<sup>4</sup>

No one filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that Stand Energy meets the requirements for a license to conduct business as an aggregator of electricity and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Stand Energy hereby is granted License No. A-51 to conduct business as an electric aggregator for commercial, industrial, educational, and governmental customers in the service territories of Dominion and APCo in the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

<sup>1</sup> Retail choice exists only in the service territories of Dominion, APCo, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

<sup>3</sup> Staff Report at 5.

<sup>4</sup> *Id.* at 2.

**CASE NO. PUR-2017-00034  
AUGUST 10, 2017**

JOINT PETITION OF  
LUMOS NETWORKS CORP., LUMOS TELEPHONE INC.,  
LUMOS TELEPHONE OF BOTETOURT INC., LUMOS NETWORKS INC.,  
FIBERNET OF VIRGINIA, INC., LMK COMMUNICATIONS, LLC,  
and  
MTN INFRASTRUCTURE TOPCO, INC.

For approval to transfer control pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

**FINAL ORDER**

On March 20, 2017, Lumos Networks Corp. ("Lumos Parent"); Lumos Telephone Inc. ("Lumos Telephone"); Lumos Telephone of Botetourt Inc. ("Lumos Botetourt"); Lumos Networks Inc. ("Lumos Networks"); FiberNet of Virginia, Inc. ("FiberNet-VA"); LMK Communications, LLC ("LMK"); and MTN Infrastructure TopCo, Inc. ("MTN Infrastructure") (collectively, "Petitioners"),<sup>1</sup> filed a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> requesting approval to transfer control of Lumos Parent's certificated Virginia operating subsidiaries: Lumos Telephone, Lumos Botetourt, Lumos Networks, FiberNet-VA, and LMK (collectively, "Lumos Licensees").<sup>3</sup> Petitioners also filed a Motion for Protective Order ("Protective Motion") in accordance with 20 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.<sup>4</sup>

According to the Petition, MTN Infrastructure will acquire all the outstanding common stock of Lumos Parent through an Agreement and Plan of Merger dated February 18, 2017.<sup>5</sup> The Petitioners state that as a result of the merger, MTN Infrastructure, and every other Petitioner with a controlling interest in MTN Infrastructure, will acquire indirect control over Lumos Parent and each of the Lumos Licensees ("Proposed Transfer").<sup>6</sup> The Lumos Licensees are authorized to provide telecommunications services in the Commonwealth of Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>7</sup> The Petitioners state that MTN Infrastructure is a holding company created to aggregate the ownership of various investment funds ultimately managed by an affiliate of EQT and that EQT is a leading alternative investment firm that was founded in Sweden in 1994.<sup>8</sup> The Petitioners represent that the investment funds managed by EQT AB affiliates have successfully invested in a number of fiber-based communications companies, including one company operating in the United States and several others operating across Europe.<sup>9</sup>

In support of the Proposed Transfer, the Petitioners maintain that the Lumos Licensees will continue to have the financial, managerial, and technical resources to provide telecommunications services under MTN Infrastructure's ownership and control.<sup>10</sup> The Petitioners represent that the quality of the service provided by the Lumos Licensees will improve as a result of the enhanced access to capital and financial strengths of MTN Infrastructure and its ultimate owners.<sup>11</sup> The Petitioners state that they intend to keep Lumos Parent's existing management team and personnel in place, ensuring that managerial, technical, and operational standards will be maintained.<sup>12</sup> The Petitioners further represent that: (i) after the transfer, the Lumos Licensees will continue to provide high-quality communications services at reasonable terms and conditions for existing customers under the Lumos brand name, and (ii) the Lumos Licensees' existing tariffs and price lists will not be affected by the Proposed Transfer and will remain in effect with any future changes to be made in the ordinary course of business in accordance with applicable rules and notice requirements.<sup>13</sup>

<sup>1</sup> The Petitioners provided the statutorily required verifications for the following entities, as they also are considered Petitioners: EQT AB ("EQT"); EQT Infrastructure III (GP) SCS; EQT Fund Management S.á.r.l.; EQT Infrastructure III General Partner S.á.r.l.; EQT Holdings Infrastructure III B.V.; EQT Holdings B.V.; EQT International Holdings B.V.; EQT Holdings Coöperatief W.A.; MTN Infrastructure Intermediate, LP; MTN Infrastructure Intermediate GP, Inc.; MTN Infrastructure TopCo Blocker, Inc.; MTN Infrastructure TopCo, LP; MTN Infrastructure TopCo GP, LLC; MTN Infrastructure Lux II S.á.r.l.; MTN Infrastructure Lux III S.á.r.l.; MTN Infrastructure Co-invest 1 SCSp; MTN Infrastructure Co-invest 2 SCSp; MTN Infrastructure Sidecar 1 SCSp; and MTN Infrastructure Sidecar 2 SCSp.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> Petition at 1-2.

<sup>4</sup> 5 VAC 5-20-10 *et seq.*

<sup>5</sup> *Id.* at 8-9.

<sup>6</sup> *Id.* at 1, 2, 9; Exhibit A.

<sup>7</sup> Petition at 6-8.

<sup>8</sup> *Id.* at 3.

<sup>9</sup> *Id.* at 3-4.

<sup>10</sup> *Id.* at 10.

<sup>11</sup> *Id.* at 11.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 12.

The Petitioners also seek approval of the Proposed Transfer from the Federal Communications Commission ("FCC") in WC Docket No. 17-60 and ITC-T/C-20170302-00027. On April 11, 2017, the Department of Justice, with the concurrence of the Department of Defense and the Department of Homeland Security (collectively, "Agencies"), requested that the FCC defer any action until the Agencies have completed their review of the Proposed Transfer for national security, law enforcement, and public safety issues. In 2016, the Agencies conducted a similar review of a transfer of control involving the acquisition of indirect control of another Virginia certificated competitive local exchange carrier by a foreign-owned company. In Case No. PUC-2016-00018, the Commission conditioned its approval of such transfer of control upon the transaction receiving the approval of the FCC.<sup>14</sup>

On April 6, 2017, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, directed the Petitioners to provide notice of the Petition to the public; directed Petitioners to provide notice of the Petition to public officials in Petitioners' service territory in the Commonwealth of Virginia and to file proof of such service; provided an opportunity for interested persons to comment and request a hearing on the Petition; and directed the Commission's Staff ("Staff") to investigate the Petition and file a report containing the Staff's findings and recommendations ("Staff Report"). On June 2, 2017, the City of Chesapeake, Virginia, filed a notice of intent to participate as a respondent in the proceeding. Otherwise, no requests for hearing or comments on the Petition were filed by interested parties.

On June 2, 2017, Petitioners filed the Motion of Petitioners to Revise Procedural Dates and for Expedited Consideration seeking to extend the procedural schedule as necessary to allow Petitioners more time to complete service to public officials and to file proof of such service. On June 5, 2017, the Commission issued an Order Extending Procedural Schedule extending the procedural schedule set forth in the Procedural Order.

On July 19, 2017, the Staff filed a Staff Report documenting its review of the Petition and concluding that the Lumos Licensees will retain the financial, managerial, and technical resources necessary to render telecommunications services in Virginia and, therefore, the Proposed Transfer appears to meet the standard for approval under the Utility Transfers Act.<sup>15</sup> Staff recommended that the Commission's approval of the Proposed Transfer be conditioned upon the FCC's approval the Proposed Transfer.<sup>16</sup> Further, Staff recommended that the Commission consider the following requirements as conditions of approval of the Proposed Transfer:

- (1) The quality of service in Lumos Telephone's and Lumos Botetourt's service territory should not deteriorate due to a lack of maintenance or capital investment;
- (2) The quality of service in Lumos Telephone's and Lumos Botetourt's service territory should not deteriorate due to a reduction in the number of employees providing services;
- (3) The Lumos Licensees should maintain a high degree of cooperation with the Commission's Staff and should take all necessary action to ensure timely responses to Staff's inquiries with regard to the Lumos Licensees' provision of telecommunications services in Virginia;
- (4) Separate Commission approval under Chapter 4 of Title 56 of the Code<sup>17</sup> should be required for any changes in the terms and conditions of Lumos Telephone's and Lumos Botetourt's respective affiliate services agreements as a result of the Proposed Transfer, including changes in allocation methodologies affecting either Lumos Telephone or Lumos Botetourt, changes in the services being provided, changes in the parties to the agreements, and successors or assigns.<sup>18</sup>
- (5) The Petitioners should file proof of the approval or denial of the Proposed Transfer by the FCC within ten days of the issuance of the FCC's determination and, if approved, the Petitioners should file a report of action with the Commission within 30 days after closing of the Proposed Transfer, which should include the date the Proposed Transfer occurred.<sup>19</sup>

On July 20, 2017, Petitioners filed a Motion of Petitioners to Revise Procedural Date and For Expedited Consideration ("Motion") seeking to extend the deadline for the Petitioners' response ("Response") to the Staff Report. On July 21, 2017, the Staff filed a letter indicating that it did not object to Petitioners' Motion. On July 21, 2017, the Commission issued an Order Granting Motion extending the deadline for the Company to file its Response to the Staff Report.

On July 24, 2017, the Petitioners filed a Response to the Staff Report. In their Response, Petitioners stated that they have no objection to any of Staff's recommended conditions.<sup>20</sup>

<sup>14</sup> See *Application of DSCI Holdings Corporation, DSCI, LLC, DSCI Corporation of Virginia, Inc., and U.S. TelePacific Corp., For approval of the indirect transfer of control of DSCI Corporation of Virginia, Inc., pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2016-00018, 2016 S.C.C. Ann. Rept. 170, Order Granting Approval (May 17, 2016). The Commission imposed similar conditions in prior cases. See, e.g., *Joint Petition of Cequel Corporation, Cebridge Telecom VA, LLC, and Altice N.V., For approval of the transfer of control of Cebridge Telecom VA, LLC, pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2015-00031, 2015 S.C.C. Ann. Rept. 166, Order Granting Approval (Oct. 6, 2015); and *Joint Petition of Sprint Communications Company of Virginia, Inc., Sprint Nextel Corporation, SOFTBANK CORP., and Starburst II, Inc., For approval of an indirect transfer of control of Sprint Communications Company of Virginia, Inc., to Starburst II, Inc., pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2012-00079, 2013 S.C.C. Ann. Rept. 195, Order Granting Approval (Feb. 27, 2013).

<sup>15</sup> Staff Report at 13.

<sup>16</sup> *Id.* at 15.

<sup>17</sup> Code § 56-76 *et seq.*

<sup>18</sup> Staff Report at 14-15.

<sup>19</sup> *Id.* at 14.

<sup>20</sup> Petitioners also sought clarification regarding Staff's recommendation that Petitioners file proof of the approval or denial by the FCC within ten days of the issuance of the FCC's determination. Specifically, Petitioners requested clarification that this condition would not require any additional action by the Commission that might delay consummation of the Proposed Transfer. Response at 2.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that, consistent with our prior rulings, the Proposed Transfer should be approved and that such approval should be conditioned upon approval of the Proposed Transfer by the FCC. Upon satisfaction of this condition, no further action is required by this Commission for approval of the Proposed Transfer. Finally, we find that the Petitioners' Protective Motion is no longer necessary and, therefore, should be denied.<sup>21</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein, subject to the conditions set forth below.

(2) The approval granted herein is conditioned upon approval of the Proposed Transfer by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Proposed Transfer.

(3) The Petitioners shall file with the Commission proof of such approval or denial by the FCC within ten (10) days of the issuance of the FCC's determination.

(4) Should approval be granted by the FCC, the Petitioners shall file a report of action with the Commission in its Document Control Center within thirty (30) days after closing of the Proposed Transfer, which shall include the date of the completion of the Proposed Transfer.

(5) The quality of service in Lumos Telephone's and Lumos Botetourt's service territory shall not deteriorate due to a lack of maintenance or capital investment.

(6) The quality of service in Lumos Telephone's and Lumos Botetourt's service territory shall not deteriorate due to a reduction in the number of employees providing services.

(7) The Lumos Licensees shall maintain a high degree of cooperation with the Commission's Staff and shall take all necessary action to ensure timely responses to Staff's inquiries with regard to the Lumos Licensees' provision of telecommunications services in Virginia.

(8) Separate Commission approval under Chapter 4 of Title 56 of the Code shall be required for any changes in the terms and conditions of Lumos Telephone's and Lumos Botetourt's respective affiliate services agreements as a result of the Proposed Transfer, including changes in allocation methodologies affecting either Lumos Telephone or Lumos Botetourt, changes in the services being provided, changes in the parties to the agreements, and successors or assigns.

(9) The Petitioners' Protective Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Protective Motion pertains under seal.

<sup>21</sup> The Commission held the Petitioners' Protective Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Protective Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Protective Motion pertains under seal.

**CASE NO. PUR-2017-00035  
MAY 10, 2017**

APPLICATION OF  
POWER-MARK RESOURCES, LLC

For a license to conduct business as an aggregator for electricity and natural gas

**ORDER GRANTING LICENSE**

On March 21, 2017, Power-Mark Resources, LLC ("Power-Mark" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, the Company seeks to serve commercial, industrial, and governmental customers in all service territories where retail choice exists as set forth in the Code of Virginia.<sup>1</sup> Power-Mark attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services.<sup>2</sup>

On March 29, 2017, the Commission entered an Order for Notice and Comment ("Order") which, among other things, docketed the case; required Power-Mark to serve a copy of the Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Staff of

<sup>1</sup> Retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

the Commission ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file any reply comments to the Staff Report.

On April 21, 2017, Power-Mark filed proof of service.<sup>3</sup> Virginia Electric and Power Company d/b/a Dominion Virginia Power filed a Notice of Participation and comments in this proceeding.

On April 26, 2017, the Staff filed its Staff Report, which summarized Power-Mark 's Application and evaluated its financial condition and technical fitness. The Staff Report noted that, as an aggregator, Power-Mark would not require the financial resources and collateral requirements to purchase, own, and provide electricity and natural gas. The Staff concluded that Power-Mark appears to have the financial and technical fitness to conduct business as an aggregator of electricity and natural gas based on its existing operations. The Staff recommended that a license be granted to the Company to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Power-Mark meets the requirements for a license to conduct business as an electricity and natural gas aggregator and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Power-Mark is hereby granted License No. A-52 to conduct business as an electricity and natural gas aggregator for commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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<sup>3</sup> The Commission notes that Power-Mark was ordered to provide proof of service by April 14, 2017, but accepts the late filing by the Company.

**CASE NO. PUR-2017-00036  
APRIL 17, 2017**

APPLICATION OF  
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to issue securities

**ORDER GRANTING AUTHORITY**

On March 23, 2017, Southside Electric Cooperative ("Southside" or the "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia for authority to issue long-term debt and to change its credit line on its existing short-term credit facilities. Southside paid the requisite fee of \$250.

Southside states in its application that it is requesting authority to issue long-term debt in connection with a \$12,500,000 Powervision loan with National Rural Utilities Cooperative Finance Corporation ("CFC"). This long-term debt would be used to finance the construction of a new district office building in Altavista, Virginia. Southside states that it intends to execute one or more notes and that each note may have a separate face amount and maturity date.

Southside also states in its application that it is requesting authority to decrease its current short-term line of credit with CFC ("Current LOC") from \$15,000,000 to \$200,000 and to enter into a new as offered uncommitted line of credit ("New LOC") for \$15,000,000. The remaining \$200,000 from the Current LOC will be repurposed as a reserve for Virginia Department of Transportation required designations. The New LOC will be used for various short-term needs. Southside represents that the interest rate for the uncommitted line of credit is less than the rate on the existing committed line that it is requesting to be modified. The rates for the existing line of credit and the new line of credit are published from CFC on a monthly basis. The current interest rate for the existing line of credit is 2.5%, and the uncommitted line of credit is currently 2.1%.

NOW 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) Southside is authorized to incur up to \$12,500,000 in long-term debt with CFC under the terms and conditions and for the purposes stated in its application.
- (2) Southside is authorized to decrease its Current LOC with CFC to a committed principal amount of \$200,000 and to add a New LOC for uncommitted short-term borrowings of up to \$15,000,000 under the terms and conditions and for the purposes stated in the application.

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<sup>1</sup> Code § 56-55 *et seq.*

(3) Within thirty (30) days of the date of any advance of long-term debt from CFC, pursuant to the authority granted in Ordering Paragraph (1), Southside shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(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. PUR-2017-00037  
JULY 10, 2017**

JOINT PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For approval of the sale and purchase of utility assets pursuant to Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On March 27, 2017, Virginia Electric and Power Company ("Dominion") and Rappahannock Electric Cooperative ("REC") (collectively, "Petitioners") filed a Joint Petition ("Petition") requesting approval of a Facilities Purchase Agreement ("Agreement") wherein Dominion will sell and REC will purchase ("Transfer") certain utility facilities known as the Goldmine Delivery Point ("Facilities").

The original proposed purchase price for the Facilities totaled \$105,296 and included an administration/legal fee of \$10,000. Subsequent to filing the Petition, the Petitioners revised the proposed purchase price to reflect the corrected net book value of the Facilities, which is \$50,444.<sup>1</sup> The Petitioners stated that they will amend the Agreement to reflect the revision.

NOW THE COMMISSION, upon consideration of the Petition and having been advised by its Staff through its action brief, is of the opinion and finds that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the proposed Transfer and, therefore, the Agreement should be approved subject to certain requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88 of the Code, the Petitioners are hereby granted approval of the Agreement, amended as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1. The Commission's approval shall have no ratemaking implications. In particular, it shall not guarantee the recovery of any costs directly or indirectly related to the sale or purchase.

2. Dominion shall provide all records, including any source documentation supporting the original cost of the Goldmine Delivery Point Facilities, at closing, to REC, which shall maintain them henceforth in accordance with the Uniform System of Accounts ("USOA").

3. Within ninety (90) days of completing the Transfer, the Petitioners shall file a Report of Action ("Report") with the Commission. Included in the Report shall be the effective date of the sale/purchase and the actual accounting entries on Dominion's and REC's books to record the transactions. Such accounting entries shall be in accordance with the USOA for electric utilities and electric cooperatives. REC's accounting entries shall include booking any difference between the purchase price and the net book value of the Facilities as an acquisition adjustment to Account 114.

<sup>1</sup> Dominion revised response to Staff data request 3-1.



**CASE NO. PUR-2017-00038  
NOVEMBER 29, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses

**FINAL ORDER**

On March 31, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for the determination of the fair rate of return on common equity ("ROE") to be applied to its rate adjustment clauses ("RACs") for the next two years pursuant to § 56-585.1:1 of the Code of Virginia ("Code").<sup>1</sup> Enacted in 2015, this provision of the Code requires that:

Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase II Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase II [U]tility's filing in such proceedings shall be made on or before March 31 of 2017 and 2019.<sup>2</sup>

The Company requests that the Commission approve an ROE of 10.5% for Dominion's RACs approved under Subdivision A 5 or A 6 of Code § 56-585.1, to be applied prospectively, effective with the date of the Commission's final order in this proceeding.<sup>3</sup> Dominion currently has a total of nine RACs subject to the ROE to be determined in this proceeding.<sup>4</sup>

On April 21, 2017, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on or participate in the proceeding; and scheduled a public hearing. Notices of participation were filed in this proceeding by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). On July 26, 2017, Consumer Counsel filed the testimony and exhibits of its witness. On August 9, 2017, the Commission's Staff ("Staff") filed the testimony and exhibits of its witness. On August 23, 2017, the Company filed rebuttal testimony. No public comments were received on the Application.

The Commission convened a hearing, as scheduled, on September 6, 2017. No public witnesses appeared to testify at the hearing. The Company, the Committee, Consumer Counsel and Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants, admitted evidence on the Application, and received closing argument from counsel.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

As noted above, the sole purpose of this case is a determination of the fair ROE to be used by Dominion as the general return applicable to RACs under subdivisions A 5 or A 6 of Code § 56-585.1 A.<sup>5</sup> "Such fair rate of return shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1. . . ."<sup>6</sup> Thus, the Commission follows a similar process in determining a fair ROE herein as has been done in prior proceedings using the methodology set forth in Code § 56-585.1 A 2 a and b. First, the Commission determines the market cost of equity. Next, the statutory peer group ROE floor is applied.

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<sup>1</sup> Ex. 2 (Application) at 1.

<sup>2</sup> Code § 56-585.1:1 C 2. Dominion is a Phase II Utility. *See* Code § 56-585.1 A 1.

<sup>3</sup> Ex. 2 (Application) at 4.

<sup>4</sup> Dominion's RACs, and subsequent revisions thereto, approved under these statutes include Riders B, BW, C1/C2, GV, R, S, U, US-2, and W.

<sup>5</sup> Code § 56-585.1:1 C 2.

<sup>6</sup> Code § 56-585.1:1 C 3.

*Market Cost of Equity*

Company witness Hevert calculated Dominion's cost of equity to be between 10.25% and 10.75% and determined that, considering the economic requirements necessary to support continuous access to capital, an ROE of 10.5% represents Dominion's cost of equity.<sup>7</sup> Consumer Counsel witness Woolridge calculated Dominion's market cost of equity to be between 7.6% and 8.75% and determined that 8.75% represents Dominion's market cost of equity.<sup>8</sup> Staff witness Oliver calculated Dominion's market cost of equity to be between 8.25% and 9.25% and determined that establishing the Company's cost of capital at 9.1% was appropriate.<sup>9</sup> The Committee examined the testimony presented by Company witness Hevert, Staff witness Oliver, and Consumer Counsel witness Woolridge and recommended that the Commission adopt a market cost of equity that is no higher than the 9.1% recommended by Staff witness Oliver.<sup>10</sup>

The Commission finds that a market cost of equity within a range of 8.5% and 9.5% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. Furthermore, under the circumstances of this case and for purposes of implementing Code § 56-585.1:1, the Commission finds that using a cost of equity of 9.2% is fair and reasonable for these purposes. The Commission concludes that this return is supported by the evidence in the record, results in a fair and reasonable ROE, and satisfies the following constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."<sup>11</sup> Conversely, the Commission further finds that Dominion's proposed cost of equity of 10.25% to 10.75% represents neither the actual cost of equity in the marketplace nor a reasonable ROE for the Company.

We conclude that a market cost of equity of 9.2% is supported by reasonable proxy groups, growth rates, discounted cash flow ("DCF") methods, and risk premium analyses.<sup>12</sup> Indeed, we conclude that the evidence supports a market cost of equity at the midpoint of the range, *i.e.*, 9.0%. We find that approving an ROE above the midpoint of the range found reasonable (9.2%) is supported by the concept of gradualism in ROE determinations.

While the market cost of equity approved herein is supported by reasonable proxy groups, growth rates, DCF methods, risk premium analyses, and gradualism in ROE determinations, the Commission finds that Dominion's proposed market cost of equity of 10.5% is not supported by reasonable growth rates, DCF methods or risk premium analyses. For example, the Company continues to use only earnings per share as the measure of growth in its DCF model.<sup>13</sup> As the Commission has previously stated, using only earnings per share as the measure of long-term growth results in unreasonably high growth rates that upwardly skew results.<sup>14</sup> Moreover, the Company's Capital Asset Pricing Model ("CAPM") analysis is also flawed. For example, the Company's highest ROE estimates result from the use of a 2019 projected 30-year Treasury bond yield of 4.2% and a 2021 projected 30-year Treasury bond yield of 4.4%.<sup>15</sup> The Commission has explicitly rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.<sup>16</sup> In addition, the Company exclusively used earnings per share as the measure of long-term growth to develop the market risk premium component of its CAPM analysis, which results in an overstatement of the cost of equity.<sup>17</sup> The Company's Bond Yield Plus Risk Premium analysis contains similar flaws as its CAPM analysis.<sup>18</sup>

<sup>7</sup> Ex. 3 (Hevert Direct) at 4-50, 54-56.

<sup>8</sup> Ex. 4 (Woolridge Direct) at 1-82.

<sup>9</sup> Ex. 5 (Oliver Direct) at 1-16, 24-34.

<sup>10</sup> See Tr. 18.

<sup>11</sup> Ex. 5 (Oliver Direct) at 4.

<sup>12</sup> See, *e.g.*, Ex. 5 (Oliver Direct) at 4-16, 24-34; Ex. 4 (Woolridge Direct) at 1-82.

<sup>13</sup> Ex. 3 (Hevert Direct) at 19-21; Ex. 4 (Woolridge Direct) at 68-70; Ex. 5 (Oliver Direct) at 26-27; Tr. 166-67.

<sup>14</sup> See, *e.g.*, *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 374, Final Order (Nov. 26, 2013); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007) (stating that significant biases were embodied in Appalachian Power Company's ("APCo") DCF analysis because the utility's growth rate "primarily emphasized projected earnings per share growth rates and ignored other projected rates of growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model and reflected in the rates developed by the other witnesses.").

<sup>15</sup> Ex. 3 (Hevert Direct) at 27; Ex. 9 (Hevert Rebuttal) at 96. Use of the 2021 projected 30-year Treasury bond yield of 4.4% in the Company's original CAPM analysis suggested an ROE range of 10.59% to 12.39%. Ex. 3 (Hevert Direct) at 27. In contrast, use of a current 30-year Treasury bond yield in the Company's original CAPM analysis suggested an ROE range of 9.26% to 11.06%. *Id.*

<sup>16</sup> See, *e.g.*, *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, 395, Final Order (Oct. 6, 2016); *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, 2016 S.C.C. Ann. Rept. 206, 209, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007). See also Ex. 5 (Oliver Direct) at 27-29.

<sup>17</sup> See, *e.g.*, Ex. 3 (Hevert Direct) at 25-26, Schedule 2; Ex. 4 (Woolridge Direct) at 71-80; Ex. 5 (Oliver Direct) at 29-30.

<sup>18</sup> See Ex. 3 (Hevert Direct) at 27-30; Ex. 4 (Woolridge Direct) at 80-82; Ex. 5 (Oliver Direct) at 29-30.

Further, we reject claims that certain business risks facing Dominion warrant a 10.5% ROE.<sup>19</sup> For example, while Company witness Hevert claims that risks associated with the Company's anticipated capital expenditures warrant a 10.5% ROE, of the approximately \$8.5 billion of additional planned capital expenditures the Company anticipates making, the record indicates that Dominion plans to recover over \$5 billion of this projected amount through RACs, which permit the timely and current recovery of all reasonable and prudent costs on a dollar-for-dollar basis.<sup>20</sup>

Dominion suggests that its ROE should not be any lower than 9.4%.<sup>21</sup> The Commission first approved an ROE of 9.4% for Dominion in a February 16, 2017 Order issued in Case Nos. PUE-2016-00059, PUE-2016-00060, PUE-2016-00061, PUE-2016-00062 and PUE-2016-00063.<sup>22</sup> The midpoint of the range found reasonable in those cases was 9.0%. The Commission, however, did not direct an ROE of 9.0% but, rather, approved 9.4% based on the concept of gradualism in ROE cases. In addition, the Commission's decision in those proceedings was based on the record of evidence presented there, which reflects earlier financial data. For example, in those proceedings Staff and the Company relied upon financial data from late 2016.<sup>23</sup> In contrast, in the instant case, the Company updated its ROE results with financial data through July 2017.<sup>24</sup> Moreover, the record presented in this proceeding shows that Dominion's updated ROE results reflect a reduction in most of the values in its DCF, CAPM and risk premium results.<sup>25</sup>

#### *Statutory Peer Group*

Code § 56-585.1:1 C 3 states that Dominion's ROE "shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1...." Subdivisions A 2 a and b of Code § 56-585.1 require that the Commission calculate a statutory floor below which the authorized ROE cannot be set. Specifically, the Code states in relevant part:

a. The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

b. In selecting such majority of peer group investor-owned electric utilities, the Commission shall first remove from such group the two utilities within such group that have the lowest reported returns of the group, as well as the two utilities within such group that have the highest reported returns of the group, and the Commission shall then select a majority of the utilities remaining in such peer group. In its final order regarding such biennial review, the Commission shall identify the utilities in such peer group it selected for the calculation of such limitation. For purposes of this subdivision, an investor-owned electric utility shall be deemed part of such peer group if (i) its principal operations are conducted in the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee, (ii) it is a vertically-integrated electric utility providing generation, transmission and distribution services whose facilities and operations are subject to state public utility regulation in the state where its principal operations are conducted, (iii) it had a long-term bond rating assigned by Moody's Investors Service of at least Baa at the end of the most recent test period subject to such biennial review, and (iv) it is not an affiliate of the utility subject to such biennial review.

The participants differed on which utilities should be included in the statutory peer group in this proceeding. First, Dominion excluded Mississippi Power Company ("Mississippi Power") from the statutory peer group solely because "its Moody's long term bond rating (Ba1) has dropped below the required level of at least Baa."<sup>26</sup> Staff and Consumer Counsel included Mississippi Power in their statutory peer group analyses because "Mississippi Power had a Moody's long-term bond rating of Baa3 at the end of the test period."<sup>27</sup>

<sup>19</sup> Ex. 3 (Hevert Direct) at 30-37; Ex. 5 (Oliver Direct) at 31-34.

<sup>20</sup> Ex. 3 (Hevert Direct) at 30-31; Ex. 5 (Oliver Direct) at 31.

<sup>21</sup> Tr. 17.

<sup>22</sup> See, e.g., *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2016-00062, Doc. Con. Cen. No. 170220479, Order (Feb. 16, 2017).

<sup>23</sup> *Id.* at 11-12.

<sup>24</sup> See, e.g., Ex. 9 (Hevert Rebuttal) at Schedule 1.

<sup>25</sup> Ex. 3 (Hevert Direct) at 23, 27, 30; Ex. 9 (Hevert Rebuttal) at 96.

<sup>26</sup> Ex. 2 (Application) at Filing Schedule 45 - Statement 3A.

<sup>27</sup> Ex 4 (Woolridge Direct) at 86. See also Ex. 5 (Oliver Direct) at 19-20.

Code § 56-585.1 A 2 b mandates that "an investor-owned electric utility shall be deemed part of such peer group if ... (iii) it had a long-term bond rating assigned by Moody's Investors Service of at least Baa at the end of the most recent test period subject to such biennial review...." Code § 56-585.1:1 C 3 states that the ROE "shall be calculated [utilizing] ... a 12-month test period ending December 31 immediately preceding the year in which the proceeding is conducted." Factually, December 31, 2014, is "the end of the most recent test period subject to [a] biennial review"<sup>28</sup> for Dominion. Calendar year 2016 is the "12-month test period ending December 31 immediately preceding the year in which the [present] proceeding is conducted."<sup>29</sup> Notably, under either plain language interpretation identified above, Mississippi Power's downgrade would not affect its inclusion in the statutory peer group because the downgrade occurred on March 1, 2017, which is clearly after the end of either review period.<sup>30</sup> The Commission therefore finds that, for purposes of this proceeding, Mississippi Power shall be considered part of the peer group.

The participants also differed on whether APCo should be considered part of the peer group. Staff and Consumer Counsel included APCo in their proposed peer groups, while Dominion excluded APCo from its proposed peer group.<sup>31</sup> However, as discussed below, we have selected a statutory floor majority that is lower than the ROE approved herein regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo's inclusion or exclusion as part of this proceeding.

The majority that the Commission selects had, on average, a return on average equity close to the ROE found fair and reasonable herein.<sup>32</sup> This results in a statutory floor below the ROE approved herein.<sup>33</sup> The Commission concludes that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.<sup>34</sup>

In sum, the Commission concludes that the fair ROE in this proceeding for Dominion is 9.2%.<sup>35</sup> The Commission finds that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, and satisfies all applicable constitutional standards.

Accordingly, IT IS SO ORDERED and this matter is dismissed.

<sup>28</sup> Code § 56-585.1 A 2 b.

<sup>29</sup> Code § 56-585.1:1 C 3.

<sup>30</sup> Ex 4 (Woolridge Direct) at 86; Ex. 5 (Oliver Direct) at 19; Tr. 132.

<sup>31</sup> Ex. 3 (Hevert Direct) at 51-54; Ex 4 (Woolridge Direct) at 85-86; Ex. 5 (Oliver Direct) at 18-19; Ex. 9 (Hevert Rebuttal) at 55-56, 95.

<sup>32</sup> Based upon the facts in this case, the Commission finds that it is reasonable to utilize returns on average equity for this purpose.

<sup>33</sup> The statutory floor without APCo in the peer group is 9.09% and is comprised of the following companies: Entergy Mississippi, Inc., Louisville Gas & Electric Company, Duke Energy Progress, Inc., South Carolina Electric & Gas Company, and Duke Energy Carolinas, LLC. The statutory floor with APCo in the peer group is 9.07% and is comprised of the following companies: Entergy Mississippi, Inc., Louisville Gas & Electric Company, Duke Energy Progress, Inc., South Carolina Electric & Gas Company, Duke Energy Carolinas, LLC, and APCo. See Ex. 5 (Oliver Direct) at Schedule 12.

<sup>34</sup> The Code clearly leaves the selection of the "majority" to the Commission's discretion. If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. As the Commission has previously determined, it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The Commission does not, and need not, find that this is the only majority that is reasonable. See, e.g., *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013).

<sup>35</sup> Pursuant to Code § 56-585.1:1 C 3, "any adjustment to the fair rate of return for applicable rate adjustment clauses under subdivisions A 5 and A 6 of § 56-585.1 [shall take] effect on the date of the Commission's final order in the proceeding, utilizing rate adjustment clause true-up protocols as the Commission may in its discretion determine." Accordingly, the 9.2% ROE found appropriate herein shall become effective with respect to the Company RACs under Code § 56-585.1 A 5 and A 6 on the date of this Order and any resulting over- or under-recovery shall be addressed through appropriate true-up protocols in future RAC proceedings.

**CASE NO. PUR-2017-00040  
JUNE 27, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION PRIVATIZATION TEXAS, LLC

For approval of Revised Affiliate Support Services Agreement Under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On March 31, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion")<sup>1</sup> and Dominion Privatization Texas, LLC ("DP Texas") (collectively, "Applicants") filed an Application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> Ordering Paragraph (5) of the Commission's Order Granting Approval in Case No. PUE-2012-00018,<sup>3</sup> and Ordering Paragraph (1) of the Commission's Order in Case No. PUE-2016-00091,<sup>4</sup> requesting approval of a revised affiliate support services agreement ("Revised Agreement"). The Applicants represent that the Revised Agreement will support DP Texas in its acquisition and operation of the Fort Hood, Texas, utility facilities.<sup>5</sup>

On May 11, 2012, Dominion received an exemption in Case No. PUE-2012-00018 from the filing and prior approval requirements of the Affiliates Act for support service transactions as long as Dominion's affiliates were billed less than \$2 million in total for services per year or \$500,000 per service per year.<sup>6</sup> In its acquisition and operation of the Fort Hood contract, DP Texas is expected to surpass the financial threshold for a support service exemption beginning sometime after July 1, 2017, and during the initial five years of its 50-year contract with Fort Hood.<sup>7</sup> Therefore, the Applicants are seeking approval of the Revised Agreement.

NOW THE COMMISSION, upon consideration of this matter and having been advised by Staff through its action brief, is of the opinion and finds that the Application is in the public interest and shall be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Application as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

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<sup>1</sup> Effective May 10, 2017, Virginia Electric and Power Company changed the name under which it does business in Virginia from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> Code §§ 56-76 *et seq.* ("Affiliates Act").

<sup>3</sup> *Application of Virginia Electric and Power Company and Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Products and Services, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., For approval of Affiliate Support Services Agreements and future exemptions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00018, 2012 S.C.C. Ann. Rept. 408, 409, Order Granting Approval (May 11, 2012) ("2012 Order Granting Approval").

<sup>4</sup> *Application of Virginia Electric and Power Company and Dominion Transmission, Inc., For approval of amended Affiliate Support Services Agreement, and amended "Form" Affiliate Support Services Agreement, under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00091, Doc. Con. Cen. No. 161030077, Order (Oct. 21, 2016).

<sup>5</sup> Application at 6-7.

<sup>6</sup> *Id.* at 2. See also 2012 Order Granting Approval.

<sup>7</sup> See Application at 7; Staff Data Request No. 1 Response to Question No. 4.

## APPENDIX

(1) The Commission's approval of the Revised Agreement is limited to five (5) years, from July 1, 2017, through June 30, 2022. Should the Applicants wish to continue under the Revised Agreement beyond that date, separate Commission approval shall be required.

(2) The Commission's approval is limited to the specific Support Services identified in the Revised Agreement. Should Dominion wish to provide additional Support Services that are not specifically identified in the Revised Agreement, separate Commission approval shall be required.

(3) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement, including changes to successors or assigns.

(4) The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Revised Agreement.

(5) Dominion shall maintain records to demonstrate that any Support Services provided by Dominion to DP Texas are not detrimental to Virginia customers. For any Support Services provided by Dominion to DP Texas where a market may exist, Dominion shall investigate whether alternative service providers are available. If they exist, Dominion shall compare the market price to Dominion's costs and charge DP Texas the higher of cost or market. Dominion shall bear the burden, in any rate proceeding, of demonstrating that the Support Services provided by Dominion to DP Texas under the Revised Agreement were priced at the higher of cost or market where a market exists.

(6) Dominion's provision of Support Services to DP Texas shall not compromise the security of any Dominion assets and personnel, and shall not compromise the provision of reliable electric service to Virginia customers.

(7) The approval granted in this case does not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

(8) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(9) All transactions associated with the Revised Agreement shall be included in the Company's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director, and shall contain the following information: (a) The most recent case number under which the Revised Agreement was approved; and (b) A schedule, in Excel electronic media spreadsheet format with formulas intact, listing the prior calendar year's transactions by month, type of Support Service, FERC account, and dollar amount.

(10) Dominion shall file with the Commission a signed and executed copy of the Revised Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the UAF Director.

**CASE NO. PUR-2017-00041  
AUGUST 25, 2017**

APPLICATION OF  
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For approval of a transfer of assets pursuant to Code § 56-88 *et seq.* and for approval of a special rate and contract pursuant to Code § 56-235.2

**ORDER GRANTING APPROVAL**

On March 29, 2017, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed a petition ("Transfer Petition") with the State Corporation Commission ("Commission"), pursuant to § 56-88.1 *et seq.* of the Code of Virginia ("Code"), for approval of the transfer of non-utility assets ("Transfer") from Buchanan Mining Company, LLC ("Buchanan"), to ANGD. On April 3, 2017, ANGD filed an application ("Special Rate Application") with the Commission pursuant to Code § 56-235.2 and Rule 20 VAC 5-310-10 of the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive, wherein ANGD requested expedited approval of a special rate applicable to natural gas transportation service for Buchanan in connection with Buchanan's metallurgical coal mining operations in Buchanan County, Virginia.<sup>1</sup>

Pursuant to a Remediation, Operation and Transportation Agreement ("Transport Agreement") between ANGD and Buchanan, ANGD has undertaken the inspection, repair, and operation of two natural gas transmission pipelines ("Pipelines") currently owned by Buchanan and located within ANGD's service territory.<sup>2</sup> The Company states that when remediation of the Pipelines is complete, ANGD will assume ownership of the Pipelines under a Pipeline Assignment, Bill of Sale and License Agreement and provide transport service to Buchanan under a special rate ("Special Rate").<sup>3</sup> ANGD states that the provision of safe, continuous, and reliable natural gas service to Buchanan is critical to Buchanan's mining operations in Buchanan County and that ownership and operation of the Pipelines by ANGD will ensure that continuous, reliable, and safe natural gas service is available to Buchanan.<sup>4</sup>

<sup>1</sup> The Transfer Petition and Special Rate Application are referred to collectively as the "Applications."

<sup>2</sup> Exhibit ("Ex.") 2 (Transfer Petition) at 2. The Pipelines deliver natural gas to Buchanan for use at its thermal dryer and reverse osmosis facilities. *Id.* at 3.

<sup>3</sup> *Id.* at 2-3. *See also* Ex. 2 (Transaction Summary) at 2.

<sup>4</sup> Ex. 2 (Transfer Petition) at 3.

In the Special Rate Application, the Company states that ANGD has entered into an agreement with Buchanan for an initial term of 20 years to own and operate the Pipelines and provide transportation service at the Special Rate with an option to increase the rate after five years.<sup>5</sup> ANGD states that the purpose of the Special Rate "is to ensure that the cost of reliable service to Buchanan does not render the mining operations uneconomic or cause Buchanan to switch to the use of a fuel source . . . that is less efficient or has a more significant environmental impact."<sup>6</sup>

Buchanan and ANGD have agreed that Buchanan will remain financially responsible for the initial costs to bring the Pipelines into compliance with federal laws and regulations, and ANGD is not requesting a rate increase as a result of the proposed Transfer.<sup>7</sup> Operating and maintenance costs related to operation of the Pipelines will be separately accounted for and recovered by the monthly throughput and potential annual minimum charges to Buchanan.<sup>8</sup> The Company further represents that Buchanan will be responsible for all upstream costs and the delivery of gas to the Pipelines.<sup>9</sup> Furthermore, service to Buchanan will be provided through dedicated pipeline laterals, and existing ANGD facilities and capacity will not be utilized to effectuate the transportation of natural gas to Buchanan.<sup>10</sup> Accordingly, the Company asserts that the proposed Transfer will not impair or jeopardize adequate service to the public at just and reasonable rates<sup>11</sup> and that the Special Rate will not unreasonably prejudice or disadvantage any customer or class of customers.<sup>12</sup>

On April 25, 2017, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, consolidated and docketed the Applications as Case No. PUR-2017-00041; established a procedural schedule for this case; and directed ANGD to provide public notice of the Applications. The Procedural Order also assigned a Hearing Examiner to conduct further proceedings in the matter on behalf of the Commission, including the filing of a final report containing the Hearing Examiner's findings and recommendations.

No comments or notices of participation were filed herein.

On June 30, 2017, the Commission Staff ("Staff") filed the testimony and exhibits of its witnesses. Staff reviewed the remediation plan for ANGD to repair the Pipelines and stated that it was acceptable to the Commission's Division of Utility and Railroad Safety.<sup>13</sup> Staff further noted that ANGD has completed the majority of the actions in the remediation plan and is working toward completing the remaining requirements.<sup>14</sup>

Staff concluded that the proposed Transfer would not impair or jeopardize adequate service to the public at just and reasonable rates.<sup>15</sup> Staff recommended approval of the proposed Transfer subject to the successful completion of the remediation of the Pipelines and subject to the following recommendations: (1) other rate classes should be held harmless from all costs of the Special Rate with Buchanan, including undepreciated capital costs; (2) ANGD should develop and employ separate project codes or subaccounts to track all expenses and capital expenditures arising from the Transfer and the Transport Agreement; and (3) ANGD should account properly and separately for the income tax consequences resulting from the Transfer and any future transactions associated with the Special Rate.<sup>16</sup> Staff also recommended that any capital additions associated with the Pipelines be depreciated over a five-year life.<sup>17</sup>

Staff further concluded that the proposed Transport Agreement (1) is not contrary to the public interest; (2) will not unreasonably prejudice or disadvantage any customer or class of customers; and (3) will not jeopardize the continuation of reliable utility service.<sup>18</sup> Staff recommended that the Commission require ANGD to allocate costs separately to Buchanan in all class cost of service studies that ANGD files in future rate cases and, to the extent service to Buchanan results in a negative rate of return, the shortfall in revenue should not be collected from other customer classes.<sup>19</sup>

<sup>5</sup> Ex. 3 (Special Rate Application) at 1, Attachment 2 at 3. The Company states that the term of this agreement is based on the estimated remaining useful life of the Buchanan reserves. Ex. 3 (Special Rate Application) at 1-2.

<sup>6</sup> Ex. 3 (Special Rate Application) Attachment 2 at 1. The Company states further that Buchanan could conceivably be served under ANGD's Rate Schedule FTS; however, that rate would exceed ANGD's cost of providing service to Buchanan and would likely render Buchanan's mining and thermal drying operations uneconomic. *Id.* at 3.

<sup>7</sup> Ex. 2 (Transfer Petition) at 4.

<sup>8</sup> Ex. 3 (Special Rate Application) at 3-4.

<sup>9</sup> Ex. 3 (Special Rate Application) Attachment 2 at 2.

<sup>10</sup> *Id.*

<sup>11</sup> Ex. 2 (Transfer Petition) at 4.

<sup>12</sup> Ex. 3 (Special Rate Application) at 4.

<sup>13</sup> Ex. 7 (Connolly Direct) at 9.

<sup>14</sup> *Id.* at 9-10.

<sup>15</sup> Ex. 5 (Corrigan Direct) at 16.

<sup>16</sup> *Id.* at 9, 12-13, 16.

<sup>17</sup> *Id.* at 13, 16.

<sup>18</sup> Ex. 6 (Pratt Direct) at 9.

<sup>19</sup> *Id.* at 8-9.

On July 11, 2017, ANGD filed a letter in lieu of rebuttal testimony stating that the Company has no objection to Staff's recommendations summarized therein.<sup>20</sup>

Michael D. Thomas, Hearing Examiner, convened an evidentiary hearing in this docket on July 18, 2017. The Company and Staff participated at the hearing. No public witnesses appeared at the hearing. The Company's Applications, exhibits, and all supporting testimony, as well as Staff's testimony, were admitted into the record without cross-examination.

On July 28, 2017, the Hearing Examiner issued a Report that summarized the record and made certain findings and recommendations. The Hearing Examiner concluded that (1) the Transfer Petition meets the requirements of Code § 56-90; (2) the Special Rate Application meets the requirements of Code § 56-235.2 B; and (3) the Applications should be approved.<sup>21</sup> The Hearing Examiner noted the absence of the Company's agreement with Staff's recommendation that ANGD should hold other rate classes harmless from all costs of the special rate contract with Buchanan, including undepreciated capital costs.<sup>22</sup> The Hearing Examiner agreed with Staff's recommendation and found that the issue of cross-subsidization should be addressed in a future rate proceeding, if the circumstances warrant.<sup>23</sup>

On August 2, 2017, ANGD filed comments in support of the Hearing Examiner's findings and recommendations. The Company clarified in its comments that it agreed to all of Staff's conditions as set forth in Staff's pre-filed testimony.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Transport Agreement protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuance of reliable natural gas service, as required by Code § 56-235.2. We further find that the proposed Transfer meets the requirements of Code § 56-90 because it will not impair or jeopardize adequate service to the public at just and reasonable rates.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's Report is adopted, and the Company's Applications are granted subject to the conditions recommended by Staff and summarized herein.

(2) The Company forthwith shall file with the Commission's Division of Public Utility Regulation a special tariff showing the rates charged to Buchanan under the Transport Agreement in accordance with this Order Granting Approval.

(3) This matter is dismissed.

<sup>20</sup> See Ex. 8 (Letter in Lieu of Rebuttal Testimony). ANGD did not specifically reference Staff's recommendation that other rate classes should be held harmless from all costs of the Special Rate with Buchanan, including undepreciated capital costs.

<sup>21</sup> Report at 9-10.

<sup>22</sup> *Id.* at 10.

<sup>23</sup> *Id.*

**CASE NO. PUR-2017-00043  
MAY 16, 2017**

APPLICATION OF  
CONSTELLATION NEWENERGY-GAS DIVISION, LLC

For a license to conduct business as a natural gas competitive service provider

**ORDER GRANTING LICENSE**

On April 5, 2017, Constellation NewEnergy-Gas Division, LLC ("CNEG" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a natural gas competitive service provider ("Application"). In its Application, CNEG seeks authority to serve residential customers throughout the Commonwealth of Virginia.<sup>1</sup> The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On April 11, 2017, the Commission entered an Order for Notice and Comment ("Notice Order") that, among other things, docketed the case; required CNEG to serve a copy of the Notice Order upon appropriate persons; provided for the receipt of comments from the public; required the Commission's Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

The Company filed proof of service on April 18, 2017, in accordance with the Notice Order.

<sup>1</sup> Although CNEG seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*



On May 5, 2017, the Staff filed its Staff Report summarizing CNEG's Application and evaluating its financial condition and technical fitness. Staff recommended that a license be granted to CNEG as a competitive service provider of natural gas to residential customers throughout the Commonwealth of Virginia.

The Notice Order provided an opportunity for participants to file a response to the Staff Report. No one filed a response.

NOW THE COMMISSION, upon consideration of this matter, finds that CNEG meets the requirements for a license to conduct business as a competitive service provider for natural gas and that such license should be granted subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) CNEG hereby is granted License No. G-51 to conduct business as a competitive service provider for natural gas to residential customers throughout the service territories open to competition in the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUR-2017-00044  
JUNE 16, 2017**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For a general increase in rates

**ORDER FOR NOTICE AND HEARING**

On May 23, 2017, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application pursuant to §§ 56-231.33, 56-231.34, 56-235, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code") requesting approval of a proposed increase in rates and charges for bills rendered on and after January 1, 2018, and approval of revised depreciation rates effective with the implementation of the proposed rates ("Application").<sup>1</sup> Concurrent with its Application, the Cooperative filed a Motion for Protective Ruling.

REC represents that it must increase its revenues now to ensure that the Cooperative can meet its minimum Times Interest Earned Ratio ("TIER") requirements of its financial obligations and can continue to provide high levels of reliability and customer service.<sup>2</sup> Specifically, the proposed rates and charges are designed to increase the Cooperative's revenues by approximately \$22 million per year, an overall increase of 6.2%.<sup>3</sup> REC asserts that these rates will more accurately reflect its cost of service.<sup>4</sup> The Cooperative represents that, based on pro-forma year results, the proposed rates will result in a jurisdictional rate of return on rate base of 5.33% and produce a TIER of 2.25.<sup>5</sup>

As part of its Application, the Cooperative also requests new depreciation rates that, according to REC, would better recover the costs impacted by the average service lives and salvage values of its assets.<sup>6</sup> REC represents that a significant portion of the requested increase in revenues results from an increase in depreciation expense.<sup>7</sup>

<sup>1</sup> Application at 1, 6, 9. REC clarifies that while the majority of the proposed rate schedules filed with the Application indicate an effective date for bills rendered on and after January 1, 2018, Schedules HD-1 and LP-3 indicate that these revised rate schedules would be effective for bills rendered on and after February 1, 2018. *Id.* at 6, n.4.

<sup>2</sup> *Id.* at 3.

<sup>3</sup> *Id.* at 4.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* If the Commission determines that the Cooperative's proposed rates generate a TIER that is above 2.25, REC requests that the Commission approve the proposed rates so long as the resulting rate year TIER is within a reasonable range that would normally be recommended for an electric cooperative in Virginia. *Id.* at 5.

<sup>6</sup> *Id.* at 5.

<sup>7</sup> *Id.*

The Cooperative explains that the remaining increase in revenue requested is due to increased costs for right-of-way maintenance, higher incidence of unreimbursed major storm damage, the inclusion of credit card and debit card transaction fees, and other increases in the cost of service.<sup>8</sup> The proposed revenue requirement, according to REC, also reflects certain decreases in its cost of service that the Cooperative expects to realize in the near future, including savings resulting from the conversion of its information technology systems.<sup>9</sup>

The Cooperative also seeks to implement certain changes to its rate structure to ensure that its rates appropriately recover its cost of service for customers.<sup>10</sup> REC proposes to recover the majority of its proposed revenue increase through an increase to the Access Charges applicable to its residential and small commercial customers.<sup>11</sup> The Cooperative represents that increasing the Access Charge will provide a more equitable recovery of the Cooperative's fixed costs of providing service.<sup>12</sup>

REC also proposes rates for electricity supply service that vary by season (summer and non-summer).<sup>13</sup> These rates, according to the Cooperative, are designed to reflect seasonal determinants of REC's wholesale power costs and to send appropriate price signals to customers.<sup>14</sup> The Cooperative also requests a number of proposed changes to its rate structure and schedules, including updating all schedules to reflect the proposed rates, renaming certain rate schedules, changes to the applicability of Schedule A, the introduction of a Schedule A-2, and the withdrawal of certain lighting schedules.<sup>15</sup>

The Cooperative represents that it is not making any substantive changes to its Terms and Conditions at this time.<sup>16</sup> Notwithstanding, REC has included revised Terms and Conditions to reflect the proposed changes to the rate schedules.<sup>17</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that REC should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Cooperative's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Cooperative's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00044.
- (2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>18</sup> a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (3) REC may implement its proposed rates, subject to refund with interest, for bills rendered on and after January 1, 2018.
- (4) A public hearing on the Application shall be convened at 10 a.m. on October 31, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Cooperative, any respondents, and the Commission's Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Cooperative shall make copies of a public version of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. A copy also may be obtained by submitting a written request to counsel for REC, Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.sec.virginia.gov/case>.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 6-7.

<sup>16</sup> *Id.* at 7.

<sup>17</sup> REC anticipates these revised Terms and Conditions will be adopted by its Board of Directors, contingent on the Commission's acceptance of the proposed changes to the Cooperative's rate schedules. *Id.*

<sup>18</sup> 5 VAC 5-20-10 *et seq.*

(6) On or before July 11, 2017, REC shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Cooperative's service territory:

NOTICE TO THE PUBLIC OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE'S APPLICATION  
FOR A GENERAL INCREASE IN RATES CASE NO. PUR-2017-00044

On May 23, 2017, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application pursuant to §§ 56-231.33, 56-231.34, 56-235, 56-236, 56-238, and 56-585.3 of the Code of Virginia, requesting approval of a proposed increase in rates and charges for bills rendered on and after January 1, 2018, and approval of revised depreciation rates effective with the implementation of the proposed rates ("Application").

REC represents that it must increase its revenues now to ensure that the Cooperative can meet its minimum Times Interest Earned Ratio ("TIER") requirements of its financial obligations and can continue to provide high levels of reliability and customer service. Specifically, the proposed rates and charges are designed to increase the Cooperative's revenues by approximately \$22 million per year, an overall increase of 6.2%. REC asserts that these rates will more accurately reflect its cost of service. The Cooperative represents that, based on pro-forma year results, the proposed rates will result in a jurisdictional rate of return on rate base of 5.33% and produce a TIER of 2.25.

As part of its Application, the Cooperative also requests new depreciation rates that, according to REC, would better recover the costs impacted by the average service lives and salvage values of its assets. REC represents that a significant portion of the requested increase in revenues results from an increase in depreciation expense.

The Cooperative explains that the remaining increase in revenue requested is due to increased costs for right-of-way maintenance, higher incidence of unreimbursed major storm damage, the inclusion of credit card and debit card transaction fees, and other increases in the cost of service. The proposed revenue requirement, according to REC, also reflects certain decreases in its cost of service that the Cooperative expects to realize in the near future, including savings resulting from the conversion of its information technology systems.

The Cooperative also seeks to implement certain changes to its rate structure to ensure that its rates appropriately recover its cost of service for customers. REC proposes to recover the majority of its proposed revenue increase through an increase to the Access Charges applicable to its residential and small commercial customers. The Cooperative represents that increasing the Access Charge will provide a more equitable recovery of the Cooperative's fixed costs of providing service.

REC also proposes rates for electricity supply service that vary by season (summer and non-summer). These rates, according to the Cooperative, are designed to reflect seasonal determinants of REC's wholesale power costs and to send appropriate price signals to customers. The Cooperative also requests a number of proposed changes to its rate structure and schedules, including updating all schedules to reflect the proposed rates, renaming certain rate schedules, changes to the applicability of Schedule A, the introduction of a Schedule A-2, and the withdrawal of certain lighting schedules.

The Cooperative represents that it is not making any substantive changes to its Terms and Conditions at this time. Notwithstanding, REC has included revised Terms and Conditions to reflect the proposed changes to the rate schedules.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Cooperative's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Cooperative to place its proposed rates, charges, and terms and conditions of service into effect, subject to refund, for bills rendered on and after January 1, 2018.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on October 31, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Cooperative's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Cooperative: Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On or before October 24, 2017, any interested person may file written comments on the Cooperative's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before October 24, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUR-2017-00044.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before August 1, 2017. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for REC at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, Participation as a respondent, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, Counsel, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00044. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

## RAPPAHANNOCK ELECTRIC COOPERATIVE

(7) On or before July 11, 2017, REC shall serve a copy of its Application and this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which REC provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before July 29, 2017, REC shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before October 24, 2017, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to file comments electronically may do so on or before October 24, 2017, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All comments shall refer to Case No. PUR-2017-00044.

(10) On or before August 1, 2017, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8), and each respondent shall serve a copy of the notice of participation on counsel to REC at the address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00044.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Cooperative shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the public version of this Application, and all public materials filed by the Cooperative with the Commission, unless these materials already have been provided to the respondent.

(12) On or before September 19, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Cooperative, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00044.

(13) The Staff shall investigate the Application. On or before October 3, 2017, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Cooperative and all respondents.

(14) On or before October 17, 2017, REC shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Cooperative shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>19</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued.

<sup>19</sup> The assigned Staff attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00044, in the appropriate box.

**CASE NO. PUR-2017-00046  
JULY 28, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of customer rebilling and refund plan for certain demand meter billings

**ORDER**

On April 21, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia<sup>1</sup> ("Dominion Energy Virginia" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") for approval of a customer rebilling and refund plan to remedy issues related to certain demand meter billings.

During the summer of 2016, the Company discovered that a subset of small and mid-size commercial customer account (primarily, the GS-2 customer class) demand meters may not have been reset to zero consistently in certain historic months.<sup>2</sup> As a result, such customers may have been overbilled for demand charges in a subsequent month or months if the customer's actual peak demand was less than the customer's peak demand in the previous month or months.<sup>3</sup> If the customer's subsequent peak demand was higher, however, any failure to reset the meter would be of no consequence.<sup>4</sup> The incorrect billing affects only demand readings for this subset of small to mid-size commercial customer accounts, not the energy consumption (kWh) billing component for such accounts.<sup>5</sup> No residential customers or large commercial and industrial customers (GS-3 or GS-4) are affected by this issue.<sup>6</sup>

Dominion Energy Virginia has worked with DNV GL, a third party consultant, to identify approximately 24,000 Virginia jurisdictional customer accounts for which the demand meter reading may not have been reset for one or more consecutive months during the period of July 2013 to June 2016.<sup>7</sup> Because the Company cannot identify with certainty the actual demand level in a repeating month for an affected customer, the Company will estimate demand, consistent with Section X.F of the Company's Terms and Conditions, using a composite methodology developed in conjunction with DNV GL.<sup>8</sup>

<sup>1</sup> Effective May 12, 2017, Virginia Electric and Power Company changed its "doing business as" name from Dominion Virginia Power to Dominion Energy Virginia.

<sup>2</sup> Application at 3.

<sup>3</sup> *Id.* Dominion Energy Virginia represents that, once the Company discovered and understood the inadequacy in its meter reading process, "the Company immediately implemented protocols and training to remedy this issue and ensure against it occurring again." *Id.* at 4.

<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* Consistent with its Terms and Conditions, the Company offers to apply a 36-month review period measured from July 2013 to June 2016, the date at which Dominion Energy Virginia indicates it discovered that manual demand meters were not being reset consistently and implemented corrective action. *Id.* at 5. However, if a customer presents billing information that sufficiently supports that demand billings beyond the 36-month period were inaccurately recorded, the Company will review and, as appropriate, credit the customer for those historic periods in accordance with the Company's Terms and Conditions. *Id.*

<sup>8</sup> *Id.* at 6.

Dominion Energy Virginia will determine an estimate of demand in each repeat demand month for each potentially affected customer using two alternative approaches: (1) a customer-specific average load factor methodology (which has been applied historically in similar circumstances); and (2) a class-based "stratified" methodology.<sup>9</sup> If either approach in the analysis results in a lower estimated demand for a repeat month than the recorded demand, then a refund will be calculated in accordance with the applicable rate schedule and the Company's approved Terms and Conditions.<sup>10</sup> The base refund amount will be the difference between rebilled estimated demand charges and actually billed demand charges for the affected month(s).<sup>11</sup> Further, if there are affected months where application of both methodologies results in lower estimated demands, the customer will be rebilled based on the lowest demand of the two results.<sup>12</sup> In no event will customers be rebilled for a higher amount.<sup>13</sup>

In addition, to address any customer inconvenience over the demand billing issue, Dominion Energy Virginia commits voluntarily, through its Application, to include an aggregate 5% goodwill credit with any calculated total refund.<sup>14</sup> Finally, the Company also commits to provide an interest payment to affected customers, which will be applied to the base refund amount, exclusive of the goodwill credit.<sup>15</sup> The Company proposes to calculate such interest consistent with the methodology (using average prime interest rates compounded quarterly) approved by the Commission in Case No. PUE-2009-00019.<sup>16</sup> As proposed, therefore, the total refund due to each affected customer will be the sum of the base refund, goodwill credit, and calculated interest.<sup>17</sup> If the Company's proposed rebilling and refund plan is approved by the Commission, then Dominion Energy Virginia will issue credits or refund checks to affected customers beginning within 45 days of such approval.<sup>18</sup>

On May 24, 2017, the Commission issued an Order for Notice and Comment in this proceeding, requiring Dominion Energy Virginia to send direct notice to the subset of potentially affected customers and inviting the Staff, the Virginia Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"),<sup>19</sup> and interested persons to comment on the Application.

On June 12, 2017, the Commission received one comment from Ms. Anne Magruder, President of the Preston White Professional Center Condominium Unit Owners Association, who received direct notice of the Application. Ms. Magruder cited repeated complaints and requested immediate review of the Association's billing and concerns about billing, plus a refund as soon as possible. On June 30, 2017, the Commission received comments from Consumer Counsel and the Staff.

In its comments, Consumer Counsel states that it did not find Dominion Energy Virginia's proposed rebilling and refund plan to be unreasonable or inconsistent with the Company's Terms and Conditions.<sup>20</sup> Consumer Counsel states that the Company's proposed "average load factor" method and "stratified" method appear to be reasonable approaches for estimating monthly demands under the circumstances.<sup>21</sup> However, Consumer Counsel notes that there is no indication of whether the metering and billing errors pre-date the 36-month review period applied under Dominion Energy Virginia's Terms and Conditions.<sup>22</sup> Consumer Counsel recommends that the Commission ensure that affected customers with records indicating erroneous billings beyond the 36-month period are afforded the opportunity to receive refunds calculated in the same manner as for overcharges in the 36-month period of July 2013 through June 2016.<sup>23</sup> Consumer Counsel supports inclusion of a 5% goodwill credit and believes the application of interest to the base refunds is necessary and appropriate under the circumstances.<sup>24</sup> Finally, Consumer Counsel recommends that the Commission impose a reporting requirement so that the Staff may monitor the rebilling and refund process to ensure that affected customers receive the full relief to which they are entitled under the Company's Terms and Conditions and any additional terms as may be ordered by the Commission.<sup>25</sup>

<sup>9</sup> *Id.* See also Exhibit A to the Application (summary of both alternative approaches).

<sup>10</sup> Application at 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 4.

<sup>14</sup> *Id.* at 7. The Company has represented to the Commission's Staff ("Staff") that the 5% goodwill credit will be funded by the Company's shareholders, not ratepayers.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* Application of Virginia Electric and Power Company, For a 2009 statutory review of the rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia, Case No. PUE-2009-00019, Order Approving Stipulation and Addendum, 2010 S.C.C. Ann. Rept. 301, 303 (Mar. 11, 2010).

<sup>17</sup> Application at 7. See also Exhibit A.

<sup>18</sup> Application at 7.

<sup>19</sup> On June 12, 2017, Consumer Counsel filed a notice of participation in this proceeding.

<sup>20</sup> Consumer Counsel's Comments at 4.

<sup>21</sup> *Id.* at 5.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 5-6.

<sup>25</sup> *Id.* at 6.

In its comments, the Staff states that the Company's rebilling methodology is reasonable, complies with Dominion Energy Virginia's Commission-approved Terms and Conditions, and will likely produce a favorable result for the majority of impacted customers.<sup>26</sup> However, the Staff also notes that no approach can assure completely that no customer is impacted negatively by the billing error; there remains a possibility that the meter reading errors causing the overbillings occurred prior to the 36-month threshold.<sup>27</sup> The Staff recommends that the Company develop a process where a customer can challenge the rebilling methodology and the 36-month look-back limitation should such customer have information that shows that the Company's overall approach would not correct the billing error adequately given that customer's specific circumstances.<sup>28</sup>

The Staff also recommends that the Company be required to provide status reports to the Commission that detail the results of its rebilling effort. Specifically, the Staff recommends that such report include: (i) the total number of customers overbilled; (ii) the total amount refunded; (iii) the portion of the total refunded amount attributed to interest; (iv) the portion of the total refunded amount attributed to the goodwill credit; (v) a list of customers that submit records demonstrating the error occurred beyond the 36-month threshold; and (vi) for each customer listed in (v), the total refunded amount delineated by the portion refunded in the 36-month threshold period and the portion for the period beyond the threshold.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion Energy Virginia's proposed customer rebilling and refund plan is reasonable. Specifically, the Company shall apply its proposed methodology in accordance with its Commission-approved Terms and Conditions, including interest to base refunds, and the proposed 5% goodwill credit. Dominion Energy Virginia shall issue any refunds or credits resulting from the identified billing errors beginning within 45 days of this Order. We further find that Dominion Energy Virginia shall provide the Staff with status reports on its rebilling and refund efforts every ninety (90) days, with a final report due thirty (30) days after all rebillings and refunds have been completed. Such reports shall include: (i) the number of customers overbilled; (ii) the total amount refunded; (iii) the portion of the total refunded amount attributed to interest; (iv) the portion of the total refunded amount attributed to the goodwill credit; (v) a list of customers that submit records demonstrating the error occurred beyond the 36-month threshold; and (vi) for each customer identified in (v), the total refunded amount delineated by the portion refunded in the 36-month threshold period and the portion for the period beyond the threshold.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion Energy Virginia's Application is approved subject to the requirements identified herein.
- (2) Dominion Energy Virginia shall issue any refunds or credits resulting from the identified billing errors beginning within 45 days of this Order.
- (3) Dominion Energy Virginia shall provide the Staff with status reports on its rebilling and refund efforts every ninety (90) days with a final report due thirty (30) days after all rebillings and refunds have been completed. Such reports shall include: (i) the number of customers overbilled; (ii) the total amount refunded; (iii) the portion of the total refunded amount attributed to interest; (iv) the portion of the total refunded amount attributed to the goodwill credit; (v) a list of customers that submit records demonstrating the error occurred beyond the 36-month threshold; and (vi) for each customer identified in (v), the total refunded amount delineated by the portion refunded in the 36-month threshold period and the portion for the period beyond the threshold.
- (4) This matter is continued pending further order of the Commission.

<sup>26</sup> Staff's Comments at 1.

<sup>27</sup> *Id.* The Staff further notes that it appears the Company is able to retrieve purged billing data and restore it as necessary. *Id.* at 1-2. The Staff states that it may be appropriate to review the Company's applicable Terms and Conditions when the next opportunity presents itself to ensure that customers receive full refunds to the extent possible when a Company error results in over charges. *Id.* at 2.

<sup>28</sup> *Id.*

**CASE NO. PUR-2017-00047  
NOVEMBER 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

*Ex Parte:* In the matter of Adopting New Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs

**ORDER ADOPTING RULES AND REGULATIONS**

During the 2016 Session of the Virginia General Assembly, two identical bills, House Bill 1053 and Senate Bill 395, were passed by the General Assembly. These bills required the State Corporation Commission ("Commission") to evaluate the establishment of uniform protocols for measuring, verifying, validating, and reporting the impacts of energy efficiency measures implemented by investor-owned electric utilities providing retail electric utility service in the Commonwealth; a methodology for estimating annual kilowatt savings; and a formula to calculate the levelized cost of saved energy for such energy efficiency measures. The Commission also was required to submit to the Governor and the General Assembly a report of its findings and recommendations by December 1, 2016.

On March 30, 2016, the Commission issued a Scheduling Order in Case No. PUE-2016-00022 that established a proceeding to conduct an evaluation ("Evaluation") to consider the establishment of: (i) uniform protocols for measuring, verifying, validating, and reporting the impacts of energy efficiency measures; (ii) a methodology for estimating annual kilowatt savings for such energy efficiency measures; and (iii) a formula to calculate the

levelized cost of saved energy for such energy efficiency measures (collectively, "Objectives").<sup>1</sup> The Commission conducted the Evaluation and considered the Objectives as they concern energy efficiency measures implemented by both investor-owned electric utilities and investor-owned natural gas utilities,<sup>2</sup> as both types of utilities conduct energy efficiency programs. The Commission determined that since evaluation and verification of energy savings of energy efficiency programs typically are measured against the projected savings included in cost/benefit analyses, the Commission also would consider the methodologies by which utilities calculate the components of the cost/benefit tests<sup>3</sup> in proceedings requesting approval to implement energy efficiency programs.<sup>4</sup>

Among other things, the March 30, 2016 Scheduling Order invited interested persons and entities to comment on the Objectives and the Cost/Benefit Questions under consideration in this matter through the submission of written comments and/or through the presentation of oral comments at a public session. Over forty written and oral comments were received and considered by the Commission.

On November 30, 2016, the Commission issued an Order on Evaluation in Case No. PUE-2016-00022 wherein it, among other things, directed the Commission Staff ("Staff") to draft proposed rules governing the evaluation, measurement, and verification ("EM&V") of the effects of utility-sponsored demand-side management ("DSM") programs of general applicability to both electric and natural gas utilities.<sup>5</sup> On December 1, 2016, the Commission submitted its report to the Governor and the Virginia General Assembly regarding the Evaluation.<sup>6</sup>

On May 16, 2017, the Commission issued an Order for Notice and Hearing ("Procedural Order") that docketed this proceeding. A draft of the proposed Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs ("Proposed Rules") prepared by Staff were appended to the Procedural Order. The Procedural Order and Proposed Rules were published in the *Virginia Register of Regulations* on June 12, 2017, posted on the Commission's website, and sent to various interested parties. The Procedural Order also invited interested persons and entities to provide input through written and/or oral comments on the Proposed Rules and scheduled a public hearing to convene on September 8, 2017, for the receipt of oral comments on the Proposed Rules.

The following persons and entities submitted written comments: the Virginia Department of Mines, Minerals and Energy; Kentucky Utilities Company d/b/a Old Dominion Power Company; the Virginia, Maryland & Delaware Association of Electric Cooperatives ("Cooperatives"); Northern Virginia Electric Cooperative; Ameresco, Inc., Cree, Inc., the Dow Chemical Company, Schneider Electric, United Technologies Corporation, the National Association of Energy Service Companies, and the Polyisocyanurate Insulation Manufacturers Association; the Virginia Energy Efficiency Council ("VEEC"); Columbia Gas of Virginia, Inc. ("Columbia"); the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel"); Appalachian Power Company ("APCo"); Virginia Natural Gas, Inc. ("VNG"); the American Council for an Energy-Efficient Economy and the Southeast Energy Efficiency Alliance; Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion"); Advanced Energy Economy; EnergySavvy; the Southern Environmental Law Center ("SELC"); the Virginia Chapter of the Sierra Club; Viridian; the Virginia Poverty Law Center ("VPLC"); the Virginia Housing Alliance; the Natural Resources Defense Council; and additional comments by individuals.

On August 11, 2017, Staff filed a report ("Staff Report") addressing comments submitted to the Commission concerning the Proposed Rules. In response to comments received, Staff prepared revisions to the Proposed Rules, which were appended to the Staff Report. During the public hearing convened on September 8, 2017, the Commission received oral comments from the following persons and entities: APCo; Columbia; EnergySavvy; SELC; Dominion; VEEC; the Cooperatives; VPLC; Consumer Counsel; and the Staff.<sup>7</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Commission should adopt the rules appended hereto as Attachment A, effective January 1, 2018.

The Commission expresses appreciation to those who have submitted written and oral comments for our consideration. The Commission has considered all written and oral comments submitted in this proceeding.

<sup>1</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of receiving input for evaluating the establishment of protocols, a methodology, and a formula to measure the impact of energy efficiency measures*, Case No. PUE-2016-00022, Doc. Con. Cen. No. 160340071, Scheduling Order (Mar. 30, 2016).

<sup>2</sup> Though natural gas utilities were not specifically referred to by House Bill 1053 and Senate Bill 395, the Commission, in its discretion, included consideration of natural gas utilities' energy efficiency measures to provide for a more thorough Evaluation.

<sup>3</sup> The cost/benefit tests include, at a minimum, the Participants Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test. See the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq.*

<sup>4</sup> In particular, the Commission determined the Evaluation would consider: (i) whether the application of costs and benefits is consistent across utilities; (ii) whether consistent application of costs and benefits across utilities is necessary or reasonable; and (iii) whether the application of the cost/benefit tests can be improved by enhanced evaluation and verification protocols for estimating savings actually realized (collectively, "Cost/Benefit Questions").

<sup>5</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of receiving input for evaluating the establishment of protocols, a methodology, and a formula to measure the impact of energy efficiency measures*, Case No. PUE-2016-00022, Doc. Con. Cen. No. 161140091, Order on Evaluation (Nov. 30, 2016).

<sup>6</sup> *Commonwealth of Virginia, State Corporation Commission, Report to the Governor of the Commonwealth of Virginia and the Virginia General Assembly, "Report: Evaluation of the Establishment of Uniform Protocols for Measuring, Verifying, Validating, and Reporting the Impacts of Energy Efficiency Measures; a Methodology for Estimating Annual Kilowatt Savings; and a Formula to Calculate the Levelized Cost of Saved Energy for Energy Efficiency Measures Implemented by Investor-Owned Electric Utilities in the Commonwealth pursuant to Chapters 255 and 517 of the 2016 Acts of the Virginia General Assembly"* (Dec. 1, 2016), available at: [leg2.state.va.us/dls/h&sdocs.nsf/By+Year/HD122016/\\$file/HD12.pdf](http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/HD122016/$file/HD12.pdf).

<sup>7</sup> VNG was present at the public hearing and stated it had no further comments at this time. Tr. 52.



The regulations we adopt herein contain modifications to those that were first proposed by Staff and published in the Virginia Register on June 12, 2017. These modifications follow our consideration of the comments filed in this proceeding, the additional proposed revisions contained in the Staff Report, other changes suggested by commenters at the hearing, and our analysis of the entire record in this proceeding. We will not comment on each rule in detail, but we highlight several of them below.

First, we agree with Staff's revisions to the Proposed Rules contained in the Staff Report and incorporate them into the rules that we adopt. Staff's proposed revisions respond to comments filed in this proceeding. As Staff noted, the revised Proposed Rules strengthen, and are generally consistent with and derivative of, current practice among Virginia utilities in reporting on the impacts of DSM Programs; therefore, the revised Proposed Rules should not impose significant additional burdens.<sup>8</sup> These revisions, among other things, clarify that the Proposed Rules apply prospectively, *i.e.*, to the implementation of new or renewing DSM programs. In addition, the revisions eliminate references to EM&V planning documents and clarify that preliminary EM&V plans should be filed at the time the utility seeks Commission approval of a program and that such EM&V plans should include an outline of how a utility intends to comply with 20 VAC 5-318-40 ("Rule 40"). Rule 40 is also retitled "Minimum Requirements for Collection of Evaluation, Measurement & Verification Data."<sup>9</sup>

Second, in its filed comments as well as at the hearing, Dominion recommended that Rule 40 D, as set forth in the revised Proposed Rules appended to the Staff Report, reference the United States Department of Energy's Uniform Methods Project ("UMP") rather than the International Performance Measurement and Verification Protocol ("IPMVP").<sup>10</sup> While the Commission declines to adopt this recommendation at this time, Rule 40 D specifically provides that "alternative methodologies may be considered with sufficient supporting documentation and explanation of appropriateness." Thus, the Proposed Rules have sufficient flexibility for utilities to utilize the UMP, which the Commission notes was developed using the IPMVP,<sup>11</sup> with appropriate justification.

Third, Columbia and Dominion raised concerns during the hearing regarding the operation of 20 VAC 5-318-50 F ("Rule 50 F"), as revised in the Staff Report, and specifically questioned inclusion of the references to "the annual usage of the average rate schedule usage and eligible customer."<sup>12</sup> Columbia expressed concern about compliance with Rule 50 F because all customers within a rate schedule might not be capable of participating in a particular program in light of program requirements, and Columbia asserted that such information often would be impracticable to collect.<sup>13</sup> Similarly, Dominion indicated that currently it does not track customer data such as building and equipment types by rate schedule and does not design programs based on rate schedules.<sup>14</sup> The Commission appreciates these concerns and recognizes that unique programs may be dependent on individual customer makeup and that eligible customers may span more than one rate schedule. The Commission believes, however, that the rules as adopted contain sufficient flexibility to accommodate such a situation. In particular, Rule 50 F requires "a calculation of the expected savings as a percentage of the annual usage of the average rate schedule usage and eligible customer *as appropriate and practicable*."<sup>15</sup> Thus, if appropriate and practicable, such a calculation should be included in the EM&V report and, if not, the utility should explain why such a calculation is not appropriate and practicable.<sup>16</sup>

Finally, Columbia raised the question of the relationship between the Proposed Rules and the ratemaking and energy efficiency report required by § 56-602 E of the Code of Virginia.<sup>17</sup> To the extent the new rules create any duplication of reporting requirements, Staff is directed to work with the gas companies to synchronize the timing of reports to alleviate any associated additional regulatory burden.

Accordingly, IT IS ORDERED THAT:

(1) The Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs, set out at 20 VAC 5-318-10 through 20 VAC 5-318-60, and which are attached hereto and made a part hereof, are hereby ADOPTED to be effective on January 1, 2018.

(2) The Commission's Division of Information Resources shall forward this Order Adopting Rules and Regulations and the rules and regulations adopted herein to the Registrar of Virginia for publication in the *Virginia Register of Regulations*.

<sup>8</sup> Staff Report at 4.

<sup>9</sup> Staff's revisions also added additional appropriate definitions.

<sup>10</sup> Dominion Comments at 9; Tr. 35-38. In the Proposed Rules, the IPMVP was referenced in Rule 40 G. However, due to revisions Staff made in its Staff Report to the Proposed Rules, the IPMVP is now referenced in Rule 40 D.

<sup>11</sup> See Staff Report at 7.

<sup>12</sup> Tr. 24-27; 40-45.

<sup>13</sup> Tr. 26.

<sup>14</sup> Tr. 45.

<sup>15</sup> Emphasis added.

<sup>16</sup> The Commission also notes that Rule 60 provides for an opportunity for a utility to request a waiver of a rule for good cause shown.

<sup>17</sup> Tr. 23.

(3) This Order and the attached adopted Rules shall be posted on the Commission's website: <http://www.scc.virginia.gov/case>.

(4) This matter is dismissed.

NOTE: A copy of the attachment entitled "Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs" 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. PUR-2017-00049  
OCTOBER 20, 2017**

JOINT PETITION OF  
WASHINGTON GAS LIGHT COMPANY,  
WGL HOLDINGS, INC., and ALTAGAS LTD.

For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia

**FINAL ORDER**

On April 24, 2017, Washington Gas Light Company ("WGL"), WGL Holdings, Inc. ("Holdings"), and AltaGas Ltd. ("AltaGas") (collectively, "Petitioners") filed a joint petition ("Joint Petition") with the State Corporation Commission ("Commission") for approval of the indirect acquisition of control of WGL to be effectuated by the merger ("Merger") of Holdings with Wrangler Inc., a wholly owned subsidiary of AltaGas, as well as related transactions, pursuant to Chapter 5 of Title 56 ("Utility Transfers Act") of the Code of Virginia ("Code").<sup>1</sup>

On May 8, 2017, the Commission issued an Order for Notice and Comment, which docketed the matter as Case No. PUR-2017-00049, required the Petitioners to provide public notice of the proposed Merger, provided an opportunity for interested persons to file comments, notices of participation, or hearing requests regarding the Joint Petition, established a procedural schedule, and directed the Staff of the Commission ("Staff") to conduct an investigation of the Joint Petition and present its findings and recommendations in a report ("Staff Report").

The Office of the Attorney General's Division of Consumer Counsel, the Apartment and Office Building Association of Metropolitan Washington, the International Brotherhood of Teamsters Local Union No. 96, Local 2 of the Office and Professional Employees International Union AFL-CIO, the Baltimore Washington Laborers and Public Employees District Council, and the City of Alexandria ("City") all filed notices of participation in the case.

Terry G. Kilgore (1<sup>st</sup> District), Tim Hugo (40<sup>th</sup> District), and Paul E. Krizek (44<sup>th</sup> District) of the Virginia House of Delegates wrote letters supporting the proposed Merger.

On July 7, 2017, the City filed comments ("Comments") regarding the proposed Merger. The City states that the Commission should adopt a most-favored nation ("MFN") provision as a condition of the Merger's approval.<sup>2</sup> Second, the City requests that the Commission ensure that the Merger not impair WGL's customer service and billing functions.<sup>3</sup> Third, the City states that the Commission should ensure that the Merger does not result in adverse rate impacts to customers beyond the proposed five-year hold-harmless period.<sup>4</sup> Fourth, the City proposes that the Commission require WGL to track and account for all Merger-related pledges made in the Joint Petition.<sup>5</sup> No other comments were filed.

The Petitioners represent that the proposed Merger requires the following regulatory approvals: (1) expiration or other termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("Hart-Scott-Rodino Act"); (2) review by the Committee on Foreign Investment in the United States ("CFIUS"); (3) approval by the Federal Energy Regulatory Commission ("FERC"); and (4) approvals by the Commission, the Maryland Public Service Commission ("MDPSC"), and the District of Columbia Public Service Commission ("DCPSC").<sup>6</sup> On July 6, 2017, the FERC issued an order authorizing the proposed Merger.<sup>7</sup> On July 24, 2017, the Petitioners filed notice that the waiting period required by the Hart-Scott-Rodino Act had expired and, therefore, the proposed Merger is deemed approved by the Federal Trade Commission and the Department of

<sup>1</sup> Code § 56-88 *et seq.*

<sup>2</sup> The City states that a MFN provision is designed to ensure that customers in one jurisdiction receive the equivalent level of benefits as compared to the highest level of benefits awarded by a state regulatory agency across all of a utility's jurisdictions. *See* Comments at 2.

<sup>3</sup> *Id.* at 5-6.

<sup>4</sup> *Id.* at 7.

<sup>5</sup> *Id.*

<sup>6</sup> Joint Petition at Exhibit 2, p. 8.

<sup>7</sup> *AltaGas Ltd. and WGL Energy Services, Inc.*, Docket No. EC17-108-000, 160 FERC ¶ 62,008, Order Authorizing Disposition of Jurisdictional Facilities and Acquisition of Securities (FERC July 6, 2017).

Justice.<sup>8</sup> On August 2, 2017, the Petitioners filed letters indicating that the "CFIUS determined that 'there are no unresolved national security concerns' with respect to the proposed Merger and concluded its review of the transaction."<sup>9</sup> The MDPSC and DCPSC Merger reviews are pending.

On August 4, 2017, the Staff filed a Staff Report on the Joint Petition, which documented numerous representations made by the Petitioners in the Joint Petition and in response to Staff's investigation.<sup>10</sup> A noteworthy feature of the Joint Petition is the Petitioners' proposed establishment of bankruptcy-remote special purpose entity ("SPE") as part of their ring-fencing plan ("Ring-Fencing Plan"), which is intended to insulate WGL from any potential financial distress arising from AltaGas's or Holdings' other operations. The Staff Report discusses the purpose, structure, and risk mitigating effects of the SPE, and Staff concludes that, to be effective, the proposed Ring-Fencing Plan's structure and requirements must remain intact and be complied with in their entirety.<sup>11</sup> Based upon the Petitioners' representations, Staff concludes that adequate service to the public at just and reasonable rates would not be impaired or jeopardized by the granting of approval of the proposed Merger, subject to certain requirements listed in the Appendix to the Staff Report; therefore, Staff recommends that the Commission approve the Merger.<sup>12</sup>

On August 18, 2017, the Petitioners filed their response to the Staff Report ("Petitioners' Response"). The Petitioners concur with Staff's conclusion and do not generally object to Staff's recommended requirements and conditions. However, the Petitioners suggest modifications to three Accounting and Financial Requirements: (i) changing the Report of Action filing date in Accounting Requirement No. (3) from 90 to 120 days after the Merger closing date; (ii) supplying the additional Merger-related reporting information described in Accounting Requirement No. (4) in a separate report filed 120 days after the end of WGL's fiscal year rather than including such information in WGL's future Annual Informational Filings ("AIFs") or base rate case applications; and (iii) adjusting the comparable short-term and long-term debt rate and fee reporting information provided in Financial Requirement No. (3) to reflect more accurately any credit ratings impacts.<sup>13</sup> The Petitioners also propose minor modifications to five Safety Requirements, Nos. (7), (11), (13), (14), and (17), in order to address Staff concerns while remaining consistent with Staff's proposed Safety Requirements.<sup>14</sup>

The Petitioners represent in the Petitioners' Response that all proposed modifications were discussed with Staff and that Staff does not object to the modifications.<sup>15</sup>

The Petitioners' Response also addressed the City's Comments. The Petitioners assert that the MFN provision is not part of the statutory criteria for approval under the Utility Transfers Act and represent that the City's other concerns are adequately addressed by the commitments made in the Joint Petition and by the recommended requirements and conditions set forth in the Staff Report.<sup>16</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. Section 56-90 of the Code provides:

If and when the Commission, with or without hearing, shall be satisfied that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition, the Commission shall make such order in the premises as it may deem proper and the circumstances require, and thereupon it shall be lawful to do the things provided for in such order....

The Petitioners have made numerous representations in support of the Joint Petition, both in their filings in this proceeding and in response to Staff's investigation, as documented in the Staff Report. For example, the Petitioners represent that "[WGL] will not seek recovery in distribution rates of: (1) any acquisition premium or 'goodwill' associated with the Merger; or (2) any transaction costs incurred in connection with the Merger."<sup>17</sup> We rely in full upon the Petitioners' representations to find that: (1) adequate service at just and reasonable rates will not be impaired or jeopardized by the Merger so long as the accounting, financial, and safety requirements set out in the Staff Report, as modified by the Petitioners' Response, are complied with in full; and therefore, (2) the Merger should be approved subject to the requirements set forth in the Appendix attached to this Final Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-88.1 of the Code, the proposed Merger as described in the Joint Petition hereby is approved subject to the requirements set forth in the Appendix attached to this Final Order.

(2) This case is dismissed.

<sup>8</sup> July 24, 2017 Letter to the Commission providing notice of the expiration of the Hart-Scott-Rodino Act waiting period.

<sup>9</sup> August 2, 2017 Letter to the Commission providing notice that the CFIUS has completed its review of the Merger transaction.

<sup>10</sup> See, e.g., Staff Report at 6-19, 21-24, 28-30.

<sup>11</sup> See, e.g., *id.* at 24-30, 52-56.

<sup>12</sup> See *id.* at 30-31, 57-58, 73-83.

<sup>13</sup> Petitioners' Response at 3-8.

<sup>14</sup> *Id.* at 8-10.

<sup>15</sup> *Id.* at 4.

<sup>16</sup> See *id.* at 10-14.

<sup>17</sup> Joint Petition at 11.

## APPENDIX

**Accounting Requirements**

(1) The Commission's approval shall have no ratemaking implications except as provided in Requirement (2) below. In particular, approval shall not guarantee the recovery of any costs directly or indirectly related to the Merger Transaction.

(2) Within sixty (60) days of receipt of all regulatory approvals necessary for this merger to proceed, the Petitioners shall file with the Commission a list of all specific commitments made to other regulatory authorities as conditions for obtaining approval of this merger. The Petitioners shall certify that the costs of all such commitments made to non-Virginia jurisdictions have not been, and shall not be, charged, allocated, or otherwise assigned in any way that shifts any such costs to Virginia customers, directly or indirectly. WGL shall not be allowed to recover any costs of commitments to non-Virginia jurisdictions from Virginia customers. WGL shall be required to continue to make such a certification in every future annual informational filing and rate application, and provide evidence supporting such certifications until such time as the commitments are completed.

(3) The Ring-Fencing Plan, including its structure and all of its requirements, shall remain intact and be complied with in its entirety until such time that the Commission deems otherwise.

(4) WGL shall file a Report of Action within one hundred and twenty (120) days after closing of the Merger Transaction. The Report of Action shall include the closing date of the Merger Transaction, the actual total sale price, and the actual accounting entries recorded in the Petitioners' books to reflect the Merger. The initial Merger-related accounting entries shall include, but not be limited to: (a) all Transaction Cost accounting entries for the Petitioners; (b) all Merger-related fair value, goodwill, and/or acquisition premium accounting entries for the Petitioners; (c) all Merger-related tax accounting entries for the Petitioners; (d) all Merger-related debt/equity financing accounting entries for the Petitioners; (e) all SPE setup cost accounting entries for the Petitioners; and (f) all non-consolidation opinion cost accounting entries for the Petitioners, by Petitioner, date, account number, account title, and amount.

(5) In addition to providing the initial Merger-related accounting entries in the Report of Action, the Petitioners shall maintain records, which shall be available to Staff upon request, to track separately all changes in the initial Merger-related booked amounts as they are expensed, depreciated, amortized, written down, etc. The Petitioners also shall maintain records, which shall be available to Staff upon request, to track separately all ongoing Merger-related costs, including but not limited to: (a) all Merger-related pension or other postretirement benefit plan cost changes; (b) all Merger-related retention and change of control compensation charges and reimbursements; (c) all Merger-related Damage Prevention Trainer costs; (d) all Merger-related Mailings/Programs/Messaging costs; (e) all Merger-related Workplace Development Initiative costs; (f) all Merger-related Charitable Contribution costs; (g) all additional credit support costs for Gas Contracts; and (h) all SPE operating costs. The Petitioners shall be required to report both: (a) the changes in the initial Merger-related accounting entries; and (b) the actual Merger-related costs, by Petitioner, date, account number, account title, and test year amount, in an annual compliance report filed one hundred twenty (120) days after the end of WGL's fiscal year. All WGL accounting entries shall be in accordance with the Uniform System of Accounts for natural gas local distribution companies, which includes booking any difference between the purchase price and the net book value of WGL's assets as an acquisition adjustment to Account 114.

(6) Should the Merger not be consummated, Holdings and WGL shall maintain records, which shall be available to Staff upon request, to track separately any Merger-related Termination Fees that are received or paid by Holdings or WGL, by company, date, account number, account title, and amount.

(7) The Division of Utility Accounting and Finance ("UAF") Director shall be notified of the Petitioners' tax elections for the proposed Merger as soon as they become effective.

(8) WGL shall file for Chapter 4 (Code § 56-76 et seq.) approval of a new AltaGas Services U.S. consolidated tax allocation agreement that includes Holdings and its affiliates, including WGL, and details the allocation of both federal and state income tax liabilities, credits, and net operating loss carryforwards and carrybacks, with the Commission within one hundred twenty (120) days of the Merger closing date.

(9) WGL shall file and obtain Chapter 3 (code § 56-55 et seq.) and/or 4 approval(s) prior to entering into any new affiliate or financing arrangements resulting from the proposed Merger.

(10) WGL shall retain title, ownership, and management of all Gas Contracts necessary to ensure the provision of reliable gas service at the least cost possible to Virginia customers. WGL also shall maintain detailed records of its gas supply objectives, plans, and actions, which shall be available to Staff upon request.

(11) WGL shall include with its AIF or rate case filings each year a schedule that compares annual budgeted to actual capital expenditures by service territory, account, purpose, and amount.

(12) The Petitioners shall ensure that:

- (a) The quality of service in WGL's service territory will not deteriorate due to a lack of maintenance or capital investment;
- (b) The quality of service in WGL's service territory will not deteriorate due to a reduction in the number of employees providing services; and
- (c) They maintain a high degree of cooperation with Commission Staff and shall take all necessary action to ensure WGL's timely response to Staff inquiries with regard to its provision of natural gas distribution service in Virginia.

**Financial Requirements**

- (1) WGL shall provide the Commission's Division of UAF with at least thirty (30) days' advance notice of any dividend payment.
- (2) Petitioners shall notify Staff of any credit rating downgrade of WGL within thirty (30) days of such downgrade and provide Staff with an explanation of the reasons for such downgrade along with copies of any associated rating agency reports. If WGL's credit rating falls below investment grade, WGL shall also describe any measures and plans it intends to implement to restore WGL's credit ratings to investment grade within a targeted timeframe.
- (3) WGL shall supplement its debt financing reports of action with the equivalent rate for comparable term debt with an A/A1 (S&P/Moody's) unsecured debt rating during Petitioners' commitment to a five (5) year hold-harmless period. Such equivalent rate shall explain the methodology and assumptions used to calculate such rates. Over the same period, WGL also shall notify Staff of any short-term ratings (currently at A-1/P-1 S&P/Moody's) related changes. In its annual Report of Action and AIF filing, WGL shall list its credit agreement fees and monthly average weighted short-term borrowing rates over the 12-month period, and if applicable, what the fees and estimated equivalent average rates would be without such change. Documentation on the methodology and assumptions used to calculate the equivalent average rates and credit fees also shall be provided.
- (4) In the event of a bankruptcy filing by AltaGas, Petitioners shall be required to meet with the Commission Staff within thirty (30) days of such filing to inform Staff of the impact on WGL's operations and WGL's ongoing plans to fund utility operations to meet its public service obligations.

**Safety Requirements**

- (1) WGL shall be required to submit an annual report to the Division of Utility and Railroad Safety ("Division of URS") by no later than April 1 of each calendar year detailing any reductions in the overall number of employees whose job functions have some level of involvement with complying with safety codes, rules, and standards jurisdictional to the Commission. This report shall include the job titles and responsibilities of any position affected by reductions and shall also describe what the Company has done to ensure that these reductions do not affect the overall level of safety of its regulated pipelines in Virginia. This reporting requirement shall continue for five years following the closing of this Merger.
- (2) The Petitioners shall be prohibited from degrading the competence level of the WGL workforce following the closing of this Merger.
- (3) WGL shall submit a report to the Division of URS by no later than April 1 of each calendar year documenting the number of critical valves on its system as of the end of the previous calendar year and shall provide an explanation for any critical valves removed during the previous calendar year. This reporting requirement shall continue for five years following closing of this Merger.
- (4) WGL shall maintain its compliance auditing program for field personnel performing safety-related tasks and its quality observation program for a period of at least 5 years following closing of this Merger. In addition, the Company shall submit to the Division of URS an annual report by no later than April 1 of each year containing a summary of the findings of these programs over the past calendar year. This report shall include the number of audits completed by month and in total for the year. It shall also include the number of audits in which the personnel being audited were deficient in some way and a list of any and all deficiencies noted with accompanying remedial actions taken by the Company. It shall also include the number of employees assigned to carrying out these internal auditing programs and an explanation for any change in the number of total personnel assigned. This reporting requirement shall continue for a period of five years following the closing of this Merger.
- (5) WGL shall continue to qualify its covered employees and contract employees in accordance with the Virginia Operator Qualification ("OQ") Program after the closing of this Merger. In addition, the Company shall revise its Engineering and Operating Standards ("EOS") to conform to the Virginia OQ Program and maintain records to support the Company's compliance with the requirements of the Commission's pipeline safety standards relative to qualifications of WGL's covered workforce.
- (6) The Company shall devise a plan to implement a new, secure set of OQ testing protocols and to ensure that the testing process is secure. This plan shall be implemented within six months of the closing of this Merger.
- (7) WGL shall be required to ensure that it maintains its current emergency Odor Call response and evaluation capability. WGL shall be required to submit an annual report to the Division by no later than April 1 of each calendar year detailing the following information for the previous calendar year:
  - (a) The percentage of responses to Priority 1 Odor Calls in which WGL met its goal time contained in its EOS. WGL shall meet the goal time for Priority 1 Odor Calls at least 90 percent of the time each year;
  - (b) The average annual response times to Priority 1, 2, and 3 Odor Calls. WGL shall maintain or improve upon the current average times of 28, 60, and 70 minutes, respectively; and
  - (c) The average annual time that it takes WGL to achieve "gas off" during gas releases caused by excavation damages.

The report required by this Safety Recommendation shall contain an explanation for any average annual response time that exceeds the goal in WGL's EOS for its respective priority Odor Call. The reporting for this Safety Requirement shall continue for a period of five years after the closing of the Merger.
- (8) WGL shall continue its plans to develop and implement a pipeline safety management system ("PSMS") in compliance with the American Petroleum Institute Recommended Practice 1173 ("RP 1173"). The PSMS shall be in place within six months of the closing of this Merger. In addition, the Company shall, as a part of its PSMS, be required to conduct a pipeline safety culture assessment in accordance with RP 1173 at a frequency it determines that does not exceed three years.
- (9) WGL shall take all reasonable actions necessary to continue to improve the effectiveness of the Company's damage prevention program.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(10) The Company shall require all of its employees and contract employees who respond to locate requests from the Virginia notification center to document on a locate manifest the site and any and all temporary markings they place. The manifest shall be generated in accordance with any and all requirements listed under Item 22 in the February 2014 edition of the Virginia Underground Utility Marking Standards, or as hereafter amended. In addition, the Company shall revise its EOS to comply with the requirements of this Safety Requirement. This Safety Requirement shall be in place no later than one month after the closing of this Merger.

(11) WGL shall continue to maintain all safety records in accordance with state and federal law and make such records available to the Commission in hard copy and electronic format at WGL's Virginia Operations Center in a reasonable amount of time.

(12) WGL shall maintain safety standards and policies that are substantially comparable to or better than the currently maintained standards and policies.

(13) WGL shall provide the Division of URS an annual report on the number of field hours spent by WGL employees in Virginia on certain operations and maintenance activities, as required by 49 C.F.R. Parts 191, 192, and 199. WGL also shall provide the Division of URS an annual report on the contractor costs of certain Virginia operations and maintenance activities as required by 49 C.F.R. Parts 191, 192, and 199. For any significant year-over-year change in WGL employee hours and/or contractor costs related to certain operations and maintenance activities, WGL shall provide an explanation in its annual report. This reporting requirement shall continue for a period of five years after the closing of the Merger.

(14) WGL shall continue to ensure that any and all call centers that receive notice of gas odors or other safety-related issues are located in or near Virginia.

(15) WGL shall continue to submit accurate notices of construction in accordance with the requirements of the Commission Order in Case No. URS-2011-00409. These notices shall be submitted to the Division of URS through the online database the Company established in 2017 or by another method that is mutually agreeable to the Division of URS and the Company.

(16) The Company shall use the online database established in 2017 or another method mutually agreeable to the Division of URS and the Company to inform the Division of URS of any and all field projects related to the Company's transmission integrity management program ("TIMP"), to include, but is not limited to, surveys, direct assessment digs, in-line inspection tool runs, and any and all other field activities that result from the Company's TIMP. In addition, the Company shall also notify the Division of URS at the earliest practicable moment of the date and time for which any and all of these integrity management activities are scheduled.

(17) WGL shall continue to submit accurate notices of Large Construction Projects to the Division of URS for projects that exceed \$100,000 in cost no less than ten (10) days before the estimated start date of the project. In addition, for steel and/or transmission projects that exceed \$1,000,000 in cost, WGL shall inform the Division of URS about any pre-construction meetings and shall provide the Division of URS the items listed below, as soon as available, but not less than ten (10) days prior to the anticipated construction start date:

- (a) The EOS sections related to the construction project;
- (b) Welding Procedure(s) expected to be used on the construction project, when applicable;
- (c) Documentation of welder qualification to the welding procedure(s) on the construction project, when applicable;
- (d) Written procedure for the nondestructive testing ("NDT") of welds, when applicable;
- (e) Documentation of the qualification of NDT Technician(s), when applicable;
- (f) OQ Plan, with a list of all expected WGL employees and contract employees who will perform an OQ task on the project with their qualification information;
- (g) Cathodic Protection Plans, when applicable;
- (h) Construction Standards; and
- (i) Construction Schedule.

**CASE NO. PUR-2017-00052  
AUGUST 21, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.

For approval of its 2017 SAVE Rider update

**ORDER APPROVING SAVE RIDER**

On May 1, 2017, pursuant to § 56-604 E of the Code of Virginia, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") its annual adjustment application with respect to its Commission-approved Steps to Advance Virginia's Energy plan ("SAVE Plan"),<sup>1</sup> under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("Application"). On May 15, 2017, the Staff of the Commission ("Staff") filed a memo of incompleteness, which cited several deficiencies in the Application and deemed the Application incomplete. On May 24, 2017, VNG filed a Motion for Leave to Extend the 2016 SAVE Rider Effective Period and to File Supplemental Direct Testimony ("Motion"). In its Motion, VNG proposed to extend the 2016 SAVE Rider rate effective period by one month, through August 31, 2017, and to make the 2017 SAVE Rider effective September 1, 2017, to coincide with the effective date of interim rates in the Company's pending 2017 base rate case.<sup>2</sup> With that proposed change, the Company calculated a SAVE Rider revenue requirement of \$3,186,378 for the rate period of September 1, 2017, through August 31, 2018 ("2017 Rate Year").<sup>3</sup>

On June 7, 2017, the Staff filed a memo of completeness on the Application and the Commission issued an Order for Notice and Comment ("Procedural Order"). In its Procedural Order, the Commission granted the Company's Motion; required the Company to provide notice to the public of its Application; provided an opportunity for interested persons to request a hearing, participate as a respondent, or file comments on the Application; directed the Staff to investigate the Application and file a report ("Staff Report" or "Report") containing its findings and recommendations; and permitted the Company to file a response ("Response") to the Staff Report.

On June 22, 2017, the Company filed its Proof of Publication of Notice and Service. No requests for hearing, notices of participation, or comments were filed.

On July 25, 2017, the Staff filed its Report wherein it recommended that the Commission approve a 2017 SAVE Rider for VNG, effective September 1, 2017, based on a total revenue requirement of \$2,842,778.<sup>4</sup> Staff's recommended revenue requirement is composed of a Projected Factor Revenue Requirement of \$2,005,302, and a True-Up Factor Revenue Requirement of \$837,476.<sup>5</sup>

The Staff's recommended True-Up Factor revenue requirement is \$259,850 less than the Company's, for the following reasons discussed in the Staff Report. First, the Staff noted that the Company's original SAVE Plan specifically identified the following four system components for replacement: (1) first generation plastic mains; (2) cast and wrought iron mains; (3) steel mains consisting of bare and ineffectively coated steel pipe segments installed prior to 1971; and (4) bare and ineffectively coated steel service lines installed prior to 1971.<sup>6</sup> The Staff also noted that the Company has been including in its SAVE costs other capital investments that the Staff asserts have not been proposed specifically as part of its SAVE Plan nor have been approved by the Commission as SAVE-eligible. Those capital investments include: meters; meter installations; house regulators; structures and improvements; and tools, shop, and garage equipment.<sup>7</sup> The Staff further noted that the Company has included a total of \$4,587,719 of these capital investments in its SAVE costs from 2012 through 2016.<sup>8</sup> The Staff asserted in its Report that these capital investments are recoverable through the Company's base rates and not through the SAVE Rider.<sup>9</sup> The Staff therefore recommended that the Commission direct the Company to adjust its SAVE deferral balance to reflect the exclusion of these costs in its next SAVE update application.<sup>10</sup>

Additionally, the Staff found issues regarding the Company's calculation of prorated accumulated deferred income tax ("ADIT") on federal liberalized depreciation. The Staff noted that in the 2016 True-Up Period, the Company should recognize the proration methodology<sup>11</sup> to the extent that

<sup>1</sup> *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012) ("2012 SAVE Order").

<sup>2</sup> *See Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, Doc. Con. Cen. No. 170340102, Application (Mar. 31, 2017) ("2017 Base Rate Proceeding").

<sup>3</sup> Supplemental Direct Testimony of David M. Meiselman at 5.

<sup>4</sup> Staff Report at 16.

<sup>5</sup> *Id.* at 15-16.

<sup>6</sup> *Id.* at 7.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 8.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 8, 16.

<sup>11</sup> *See* 26 C.F.R. § 1.167(l)-1.

ADIT activity was prorated when developing the Projected Factor in its previous SAVE update.<sup>12</sup> In Case No. PUE-2016-00054, the Company prorated ADIT activity beginning with the August 1, 2016 Projected Factor period.<sup>13</sup> According to the Staff, however, when developing the 2016 True-Up Factor, the Company mistakenly applied the proration methodology beginning in January 2016 rather than on August 1, 2016. To correct this error, the Staff reduced net rate base from \$86,660,386 to \$84,166,560, a difference of (\$2,493,826).<sup>14</sup>

The Staff also evaluated the Company's depreciation rates for SAVE eligible mains and services. The Staff noted that the Company has proposed new depreciation rates in its pending 2017 Base Rate Proceeding based on a depreciation study as of June 30, 2016. The Staff recommended that, pending the Commission's final order in the 2017 Base Rate Proceeding, the Company use those proposed rates for SAVE eligible mains and services, beginning July 1, 2016.<sup>15</sup> The Staff also noted that the Company computes its depreciation expense and accumulated depreciation based only on account rates for plastic mains and plastic services; however, SAVE investments comprise additional accounts.<sup>16</sup> Therefore, the Staff recommended that in its next SAVE update application, the Company prospectively either apply individual depreciation rates to each appropriate sub-account or develop a composite rate to apply to SAVE investments.<sup>17</sup>

The Staff's last issue related to the True-Up Factor relates to the Company's calculation of its uncollectible percentage, which is used to calculate the revenue conversion factor. Staff discovered several errors in the Company's calculation, which resulted in a change to the Company's uncollectible percentage from -0.32% to -0.33%, which in turn changes the revenue conversion factor from 60.90% to 60.91%.<sup>18</sup>

With regard to the Projected Factor, the Staff made the following adjustments to the Company's proposed Projected Factor revenue requirement: (1) the removal of certain capital expenditures that Staff asserts have not been approved by the Commission;<sup>19</sup> (2) the use of the Company's proposed depreciation rates from its pending 2017 Base Rate Proceeding; and (3) the corrected uncollectible percentage, all of which Staff noted in its discussion regarding the True-Up Factor calculation.<sup>20</sup> The Staff recommended a Projected Factor revenue requirement of \$2,005,302, which is \$83,751 less than the Company's proposed Projected Factor.<sup>21</sup>

The Staff performed a financial analysis of the Company's proposed True-Up Factor and Projected Factor. The Staff supported the Company's 7.29% overall cost of capital and 10.0% cost of equity for the True-Up Factor.<sup>22</sup> With regard to the Projected Factor, the Staff recommended that the 7.29% overall cost of capital be used only as a placeholder for the 2017 Rate Year, to be replaced in the ensuing true-up by the overall cost of capital and cost of equity approved by the Commission in the Company's 2017 Base Rate Proceeding.<sup>23</sup>

In its review of the rate class allocation of the 2017 SAVE Rider revenue requirement, Staff noted that the allocation factors proposed by the Company are consistent with the allocation methodology previously approved by the Commission. Therefore, the Staff did not oppose the Company's methodology to implement the 2017 SAVE Rider.<sup>24</sup> The Staff recommended that, should the Commission adjust the Company's proposed revenue requirement, the SAVE Rider charges should be adjusted in accordance with the revenue apportionment and rate design methodology proposed by the Company.<sup>25</sup>

On August 4, 2017, the Company filed its Response to the Staff Report. In its Response, the Company also did not oppose the Staff's recommendation that the ADIT proration methodology should have been applied starting on August 1, 2016, rather than January 1, 2016.<sup>26</sup> The Company also did not oppose using the updated uncollectible percentage numbers of -0.33%, which would change the revenue conversion factor to 60.91%.<sup>27</sup>

<sup>12</sup> Staff Report at 8.

<sup>13</sup> *Id.* See *Application of Virginia Natural Gas, Inc., For approval of its 2016 SAVE Rider updated*, Case No. PUE-2016-00054, 2016 S.C.C. Ann. Rept. 412, Order Approving SAVE Rider Adjustment (July 27, 2016).

<sup>14</sup> Staff Report at 8-9.

<sup>15</sup> *Id.* at 9.

<sup>16</sup> *Id.* at 9.

<sup>17</sup> *Id.* at 9-10.

<sup>18</sup> *Id.* at 10.

<sup>19</sup> Staff recommends the exclusion of these costs from the Projected Factor in this and future SAVE proceedings. *Id.* at 16.

<sup>20</sup> *Id.* at 11.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* The Commission approved a 10.0% cost of equity in the Company's last base rate proceeding. See *Application of Virginia Natural Gas, Inc., For an increase in Base Rates and for Authority to Revise the Terms and Conditions Applicable to Gas Service Pursuant to Chapter 10 (§ 56-232 et seq.) of Title 56 of the Code of Virginia*, Case No. PUE-2010-00142, 2010 S.C.C. Ann. Rept. 407, Final Order (Dec. 20, 2011).

<sup>23</sup> Staff Report at 11-12.

<sup>24</sup> *Id.* at 14.

<sup>25</sup> *Id.* at 15.

<sup>26</sup> Response at 2, 7.

<sup>27</sup> *Id.*



Additionally, the Company did not oppose developing a calculation of an average composite depreciation rate to use for SAVE purposes in its next SAVE update application.<sup>28</sup> Further, the Company did not oppose using the Company's depreciation rates proposed in the 2017 Base Rate Proceeding for SAVE-eligible mains and services in this proceeding; however, the Company did oppose making those rates effective beginning July 1, 2016, rather than September 1, 2017.<sup>29</sup> The Company further stated that it would not oppose using the new depreciation rates proposed by the Company in the 2017 Base Rate Proceeding, subject to any necessary true-up in future SAVE Rider proceedings based on the Commission's final order in that proceeding.<sup>30</sup>

VNG strongly opposed the Staff's position that the Company has been including in its SAVE Plan and Rider capital investments in meters, meter installations, and house regulators ("Meter Sets")<sup>31</sup> that were neither proposed as part of its SAVE Plan nor approved by the Commission as SAVE-eligible.<sup>32</sup> The Company stated that the capital investments in Meter Sets are SAVE-eligible, were previously approved by the Commission for SAVE Rider recovery, have been properly recovered through the SAVE Rider, and should remain so going forward.<sup>33</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Application, as amended by Staff's accounting adjustments for ADIT, depreciation, and the revenue conversion factor, is approved. Accordingly, we find that a total revenue requirement of \$2,904,278 is reasonable and shall be approved for the 2017 SAVE Rider.<sup>34</sup> For SAVE purposes, VNG shall implement the depreciation rates proposed in its 2017 Base Rate Proceeding as of July 1, 2016. In addition, the Company shall develop a calculation of an average composite depreciation rate to use for SAVE purposes in its next SAVE update application.

We include the costs associated with removing and rebuilding/reinstalling or replacing Meter Sets in the SAVE Rider since, as noted earlier, such costs are being combined into base rates.<sup>35</sup> We note that VNG's initial application for a SAVE Plan, which the Commission approved in the 2012 SAVE Order, proposed to recover costs to replace "eligible pipelines and associated infrastructure."<sup>36</sup> We direct the Company, in all future applications to amend or extend the current SAVE Plan or for approval of a new SAVE Plan, to describe specifically all gas utility infrastructure (including, but not limited to, Meter Sets) proposed to be replaced under the SAVE Plan.<sup>37</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved, subject to the modifications and requirements set forth in this Order. Rates consistent with this Order shall become effective beginning September 1, 2017, and remain in effect until August 31, 2018.

(2) VNG shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2017 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) This matter is dismissed.

<sup>28</sup> *Id.* at 2, 8.

<sup>29</sup> *Id.* at 3, 8, n. 22.

<sup>30</sup> *Id.* at 3, 8.

<sup>31</sup> VNG agreed that costs for tools, shop and garage equipment should not have been recovered through the SAVE Rider; therefore, the Company has removed those costs from the True-Up Factor for 2016. *Id.* at 9 n. 25.

<sup>32</sup> *Id.* at 2.

<sup>33</sup> *Id.*

<sup>34</sup> The total revenue requirement is composed of a True-up Factor Revenue Requirement of \$817,938, and a Projected Factor Revenue Requirement of \$2,086,340.

<sup>35</sup> *See, e.g.*, Response at 12.

<sup>36</sup> [emphasis added] *See Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, Doc. Con. Cen. No. 120130005, Application at 2 (Jan. 31, 2012).

<sup>37</sup> *See, e.g., Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2014-00067, Doc. Con. Cen. No. 140640264, Application at 2 (June 30, 2014), approved, 2014 S.C.C. Ann. Rept. 464, Final Order (Sept. 26, 2014).

**CASE NO. PUR-2017-00054  
JUNE 23, 2017**

PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For a declaratory judgment

**ORDER**

On April 27, 2017, Virginia Electric and Power Company ("Dominion" or "Company"), by counsel, filed with the State Corporation Commission ("Commission") a Petition pursuant to Rule 100 C of the Commission's Rules of Practice and Procedure.<sup>1</sup> In its Petition, Dominion requests from the Commission a declaratory judgment determining whether the Company is required to obtain certificates of public convenience and necessity ("CPCN") or Commission approval, pursuant to Chapter 10.1 of Title 56 and/or § 56-46.1 of the Code of Virginia ("Code"), for two electric transmission line projects planned by the Company (collectively, the "Loop Projects").<sup>2</sup> Dominion describes the Loop Projects for which it seeks declaratory judgment as follows:

Roundtable Loop – Loudoun County

To support a future distribution substation needed to adequately serve the load of data center growth in the area, including a Dominion customer ("Roundtable Customer"), the Company would extend two existing 230 kilovolt ("kV") electric transmission lines, Lines #2137 and #2149, to loop into the planned distribution substation and back to the existing transmission corridor ("Roundtable Loop"). The Roundtable Customer's new data centers are presently being constructed across the street from an existing network of data center campuses located on hundreds of acres of property in an area focused on commercial development in Loudoun County.

As proposed, the Roundtable Loop would be located entirely on the Roundtable Customer's property in Loudoun County and within the Company's service territory. This includes a new right-of-way between the existing transmission line right-of-way and the future distribution substation site. The Company indicates that this new right-of-way, which would be approximately 390 feet in length and 160 feet in width,<sup>3</sup> will be secured from the Roundtable Customer with no need for condemnation. No new right-of-way is needed from landowners other than the Roundtable Customer.

The Roundtable Loop would relocate one existing structure and install three new structures to support double-circuit, three-phase conductors, with shield wires, that would be approximately 640 feet and 760 feet in length.<sup>4</sup> The four structures for the Roundtable Loop, including the structure that would be relocated, would be double-circuit steel poles approximately 105 feet in height.

Dominion estimates that the total cost for the Roundtable Loop project would be approximately \$21 million, of which \$3 million would be for the transmission line work and \$18 million for the substation.

Triton Loop – Prince William County

To support a proposed switching station, which would serve a proposed delivery point that Northern Virginia Electric Cooperative ("NOVEC") would use to serve a data center customer ("Triton Customer"), Dominion would extend from an existing transmission line, Line #2114, approximately 0.31 mile to loop into the proposed switching station and back to the existing transmission corridor ("Triton Loop"). The data center campus would be located in Prince William County's Data Center Opportunity Zone Overlay, which permits new data centers by right.

As proposed, the Triton Loop would be located entirely on the Triton Customer's property in Prince William County and within NOVEC's service territory. This includes a new right-of-way between the existing transmission line right-of-way and the future switching station site. The Company indicates that this new right-of-way, which would be approximately 0.26 mile in length and range between 120 and 200 feet in width, will be secured from the Triton Customer with no need for condemnation. The Company also indicates that the Triton Customer will convey the property for the proposed switching station in fee or by way of perpetual easement without the need for condemnation. No new right-of-way is needed from landowners other than the Triton Customer.

Dominion's Triton Loop would install a total of six 230 kV transmission line structures: two single-circuit, three-pole structures within the existing right-of-way; two single-circuit steel H-frame structures at the edge of and within the existing right-of-way; and two double-circuit steel poles along the new right-of-way that would be conveyed by the Triton Customer. Double-circuit, three-phase conductors and shield wires would be installed for the approximately 0.31 mile length of the Triton Loop. The six structures that would be used for the Roundtable Loop range from approximately 40 feet to 110 feet in height.

The Company estimates that the total cost for the Triton Loop project would be approximately \$10 million, of which \$3 million would be for the transmission line work and \$7 million for the switching station.

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<sup>1</sup> 5 VAC 5-20-100 C.

<sup>2</sup> The Company's filing includes a verification of the factual representations contained in the Petition.

<sup>3</sup> The approximate 390-foot length is measured along the centerline, while the western edge of the right-of-way measures approximately 340 feet and the eastern edge measures approximately 496 feet. Petition at 7.

<sup>4</sup> Additionally, approximately 72 feet of double-circuit, three-phase conductor would be removed between the proposed poles in the existing right-of-way. *Id.* at 6.

### Procedural History

On May 3, 2017, the Commission issued an Order for Notice and Comment that docketed the Petition; directed the Company to provide public notice of its Petition; provided interested persons and the Commission's Staff ("Staff") the opportunity to file comments on the Petition; and provided the Company the opportunity to reply to any such comments.

On May 26, 2017, NOVEC filed comments requesting a Commission determination that the Triton Loop does not require Commission approval pursuant to Code § 56-46.1 or a CPCN from the Commission because, as asserted by NOVEC, this project "qualifies as an ordinary extension or improvements in the usual course of business under Code § 56-265.2 A.1."<sup>5</sup>

On June 1, 2017, the Loudoun County Board of Supervisors filed comments supporting Dominion's Petition and specifically supporting "waiver of the [CPCN] for the Roundtable Loop in Loudoun County."<sup>6</sup>

On May 31, 2017, Staff filed comments providing Staff's opinion that a CPCN should be required for the construction of new transmission lines that, like the Loop Projects, are 138 kV or greater and require new right-of-way.<sup>7</sup> Among other things, Staff's comments: (1) identify new right-of-way as an important consideration in Commission determinations of whether electric transmission line projects require a CPCN; (2) identify prior Commission CPCN proceedings involving transmission line projects that Staff indicates are similar, although not identical, to the Loop Projects; and (3) indicate that, for electric transmission line facilities, the Commission has not previously ruled upon the question presented by Dominion's Petition.<sup>8</sup> Staff also states that, if the Loop Projects had not required new right-of-way, Staff's opinion would have been that these projects are "ordinary extensions" exempt from the CPCN requirements of Code § 56-265.2 A.1<sup>9</sup>

On June 7, 2017, Dominion filed its reply. Dominion's reply asserts, among other things, that: (1) the Commission determines, on a case-by-case basis, whether the "ordinary extension" exception of Code § 56-265.2 A.1 applies; (2) the "ordinary extension" exception applies to all public utilities; (3) the electric transmission line cases involving projects that Staff identified as similar to the Loop Projects are distinguishable; and (4) the Loop Projects are, in Dominion's view, ordinary and therefore do not require CPCNs.<sup>10</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

The following Code sections, among others, apply to electric transmission facilities:

*§ 56-46.1 B.* Subject to the provisions of subsection J, no electrical transmission line of 138 kilovolts or more shall be constructed unless the State Corporation Commission shall, after at least 30 days' advance notice by (i) publication in a newspaper or newspapers of general circulation in the counties and municipalities through which the line is proposed to be built, (ii) written notice to the governing body of each such county and municipality, and (iii) causing to be sent a copy of the notice by first class mail to all owners of property within the route of the proposed line..., approve such line.... As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned. To assist the Commission in this determination, as part of the application for Commission approval of the line, the applicant shall summarize its efforts to reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned. In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation. If the local comprehensive plan of an affected county or municipality designates corridors or routes for electric transmission lines and the line is proposed to be constructed outside such corridors or routes, in any hearing the county or municipality may provide adequate evidence that the existing planned corridors or routes designated in the plan can adequately serve the needs of the company. Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

*§ 56-46.1 F.* Approval of a transmission line pursuant to this section shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line.

*§ 56-46.1 J.* Approval under this section shall not be required for any transmission line for which a certificate of public convenience and necessity is not required pursuant to subdivision A of § 56-265.2.

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<sup>5</sup> NOVEC's Comments at 4.

<sup>6</sup> Loudoun County Board of Supervisors' Comments at 1.

<sup>7</sup> Staff's Comments at 6.

<sup>8</sup> *Id.* at 6-14.

<sup>9</sup> *Id.* at 6, n.25.

<sup>10</sup> Dominion's Reply at 3-15.

§ 56-265.2 A.1. Subject to the provisions of subdivision 2, it shall be unlawful for any public utility to construct, enlarge or acquire, by lease or otherwise, any facilities for use in public utility service, except ordinary extensions or improvements in the usual course of business, without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege. Any certificate required by this section shall be issued by the Commission only after opportunity for a hearing and after due notice to interested parties. The certificate for overhead electrical transmission lines of 138 kilovolts or more shall be issued by the Commission only after compliance with the provisions of § 56-46.1.

The Commission has explained the interplay of the above statutes in recent proceedings. Code § 56-46.1 J "recognizes that CPCN requirements are governed by Code § 56-265.2, not Code § 56-46.1."<sup>11</sup> Under Code § 56-265.2 A.1, "if the Commission finds that a transmission facility (regardless of voltage) is an ordinary extension or improvement in the usual course of business, then a CPCN is not required."<sup>12</sup> The plain language of Code § 56-265.2 A.1 "requires the Commission to make [such decisions] on a case-by-case basis."<sup>13</sup>

Based on the specific facts of this case, the Commission finds that the Loop Projects are "ordinary extensions or improvements in the usual course of business" and therefore do not require CPCNs.<sup>14</sup> This finding is strictly limited to the facts of this case, which include, but are not limited to: (1) the Loop Projects are approximately 0.14 and 0.31 mile long, extending from existing transmission line corridors;<sup>15</sup> (2) the structure heights for the Loop Projects are approximately 40-110 feet and approximately 105 feet, with the tallest structures comparable in height to, or shorter than, structures in the existing transmission line corridors;<sup>16</sup> (3) the routes are through one heavily commercial area that includes data center campuses and another area that is explicitly zoned for data centers;<sup>17</sup> and (4) the only new rights-of-way required will be supplied voluntarily by the requesting customers for which the Loop Projects are being undertaken.<sup>18</sup> We further note that Dominion has filed Proof of Notice (attesting that the Company has provided the required public notice of its Petition), and that the only public comments received express support for Dominion's Petition.

However, we emphasize that our determination herein cannot be relied upon as precedent for any facility that a public utility may plan to construct in the future. For an electric transmission line project that is not the subject of the instant proceeding, the Code may, depending on the specific facts of such a project, require a CPCN even though the only new right-of-way would be provided voluntarily by a requesting customer. The plain language of the Code, as discussed above, requires such determinations to be made on a case-by-case basis for any such project, which may, among other things, involve a line length, route, structures, environmental impacts, and/or cost differing from the Loop Projects considered herein.

Accordingly, IT IS SO ORDERED, and this matter is closed.

<sup>11</sup> *Petition of Virginia Electric and Power Company, For a declaratory judgment*, Case No. PUE-2016-00028, Doc. Con. Cen. No. 160710075, Final Order at 7 (July 5, 2016) ("*VEPCo 2016 Order*") (quoting *Petition of William C. Barnhardt, For a declaratory judgment and injunctive relief*, Case No. PUE-2015-00109, 2015 S.C.C. Ann. Rept. 395, 397, Final Order (Dec. 11, 2015)).

<sup>12</sup> *VEPCo 2016 Order* at 6. The projects at issue in this prior proceeding, as in the instant case, are not transmission lines of exactly 138 kV to which certain provisions of Code § 56-265.2 not relevant to this proceeding apply.

<sup>13</sup> *Id.* at 7.

<sup>14</sup> The Commission considered the facts of each of the Loop Projects separately based on their individual characteristics and the attendant statutory review.

<sup>15</sup> *Petition* at 5-6, 8.

<sup>16</sup> *Id.* at 6-7, 9.

<sup>17</sup> *Id.* at Exhibits 3, 7.

<sup>18</sup> *Id.* at 7-9.

**CASE NO. PUR-2017-00055  
JUNE 22, 2017**

JOINT APPLICATION OF  
BROADVIEW NETWORKS HOLDINGS, INC., BROADVIEW NETWORKS OF VIRGINIA, INC.,  
ATX TELECOMMUNICATIONS SERVICES OF VIRGINIA, LLC,  
EUREKA TELECOM OF VA, INC., INFOHIGHWAY OF VIRGINIA, INC.,  
and  
WINDSTREAM HOLDINGS, INC.

For approval of an indirect transfer of control pursuant to Va. Code § 56-88 *et seq*

**ORDER GRANTING APPROVAL**

On April 28, 2017, Broadview Networks of Virginia, Inc., ATX Telecommunications Services of Virginia, LLC, Eureka Telecom of VA, Inc., InfoHighway of Virginia, Inc. (collectively, "Broadview Licensees"), Broadview Networks Holdings, Inc. ("Broadview Parent"), and Windstream Holdings, Inc. ("Windstream") (the Broadview Licensees, Broadview Parent, and Windstream are referred to herein as "Applicants"),<sup>1</sup> filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>2</sup> requesting approval of the transfer of indirect control of the Broadview Licensees to Windstream ("Proposed Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

Each of the Broadview Licensees is authorized to provide telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>3</sup> Windstream currently has nine operating subsidiaries that are authorized by the Commission to provide telecommunications services in Virginia.<sup>4</sup> Pursuant to an Agreement and Plan of Merger entered into in April 2017, Broadview Parent will merge into an indirect subsidiary of Windstream with Broadview Parent continuing as the surviving corporation. As a result, Windstream will be the new ultimate parent company of Broadview Parent and each of its subsidiaries, including the Broadview Licensees.

The Applicants assert that upon completion of the Proposed Transfer, the Broadview Licensees will continue to provide the same services to their customers in Virginia without any immediate changes to the rates, terms, or conditions of service as currently provided. The Applicants further represent that the Broadview Licensees will continue to have the financial, technical, and managerial resources to provide telecommunications services under Windstream's ownership and control. The Applicants also provided links to biographies of Windstream's management and provided the current financial statements of Windstream and Broadview Parent.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission's Staff, is of the opinion and finds that the above-described Proposed Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Proposed Transfer, which shall note the date the transfer occurred.
- (3) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

<sup>1</sup> Windstream Services, LLC, also is considered one of the Applicants in this proceeding.

<sup>2</sup> Code § 56-88 *et seq*.

<sup>3</sup> See Application at 4.

<sup>4</sup> See Application at 2-3.

<sup>5</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00057  
JULY 17, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

**FINAL ORDER**

On May 4, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"),<sup>1</sup> pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia, filed an Application with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T1.

Subsection A 4 deems to be prudent the "costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member" and "costs charged to the utility that are associated with demand response programs approved by the Federal Energy Regulatory Commission and administered by the regional transmission entity of which the utility is a member."

In this proceeding, Dominion seeks approval of a revenue requirement for the rate year September 1, 2017, through August 31, 2018 ("Rate Year").<sup>2</sup> This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.<sup>3</sup>

The total revenue requirement to be recovered over the Rate Year is \$625,361,637, comprising an increment Rider T1 of \$134,891,545 and forecast collections of \$490,470,092 through the transmission component of base rates.<sup>4</sup> This total revenue requirement represents a decrease of \$55,380,805 compared to the revenues projected to be produced during the Rate Year by the combination of the base rate component of Subsection A 4 (the Company's former Rider T) and the Rider T1 rates currently in effect.<sup>5</sup> The Company did not propose any change to the cost allocation and rate design methodologies previously approved for Rider T1.<sup>6</sup>

On May 11, 2017, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Application, provided interested persons an opportunity to file comments on the Application or to participate as respondents in this proceeding, scheduled a public evidentiary hearing, and directed the Commission's Staff ("Staff") to investigate the Application. The Commission also assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and the Virginia Committee for Fair Utility Rates ("Committee") filed notices of participation in this proceeding. On June 15, 2017, Staff filed its testimony and exhibits, wherein Staff proposed the same Rider T1 revenue requirement as the Company and did not object to the Company's cost allocation or rate design.<sup>7</sup> On June 22, 2017, the Company filed rebuttal testimony.<sup>8</sup>

On June 29, 2017, A. Ann Berkebile, Hearing Examiner, convened the evidentiary hearing in this proceeding. The Company, Staff, Consumer Counsel, and Committee participated in the hearing. The Company's and Staff's testimony and exhibits were admitted into the record without cross-examination. No public witnesses appeared to testify.

On July 5, 2017, the Report of A. Ann Berkebile, Hearing Examiner ("Report") was filed with the Clerk of the Commission. In her Report, the Hearing Examiner summarized the record in this proceeding and recommended that the Commission approve a Rider T1 revenue requirement of \$134,891,545 for recovery through Rider T1 rates during the Rate Year commencing September 1, 2017.<sup>9</sup>

<sup>1</sup> The Company was formerly doing business as Dominion Virginia Power, but officially changed the name to "Virginia Electric and Power Company d/b/a Dominion Energy Virginia" on May 12, 2017.

<sup>2</sup> Ex. 2 (Application) at 1.

<sup>3</sup> *Id.* at 6. References herein to "transmission component of base rates" and "total transmission costs" are inclusive of demand response costs applicable under Subsection A 4.

<sup>4</sup> *Id.*; Ex. 3 (Wilkinson Direct) at 5.

<sup>5</sup> Ex. 2 (Application) at 6; Ex. 3 (Wilkinson Direct) at 2.

<sup>6</sup> *See, e.g.*, Ex. 5 (Haynes Direct) at 2-4; Ex. 7 (Tufaro Direct) at 6-7.

<sup>7</sup> Ex. 6 (Carr Direct); Ex. 7 (Tufaro Direct).

<sup>8</sup> Ex. 8 (Haynes Rebuttal). Staff agreed with the Company's rebuttal testimony, which provided illustrative calculations of bill impacts associated with the Company's various rate adjustment clauses and fuel factor. Tr. 11.

<sup>9</sup> Report at 7. The Hearing Examiner further recommended that the Commission approve the Company's proposed cost allocation methodologies and rate design, which no party or Staff contested. *Id.*

On July 12, 2017, Dominion filed comments requesting that the Commission adopt the findings and recommendations of the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider T1 revenue requirement of \$134,891,545, as proposed by the Company and uncontested in this proceeding, is approved.

Accordingly, IT IS ORDERED THAT:

- (1) Rider T1, as approved herein, shall become effective for service rendered on and after September 1, 2017.
- (2) The Company forthwith shall file, with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, the updated tariff sheets for Rider T1 as approved herein. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (3) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

**CASE NO. PUR-2017-00061  
SEPTEMBER 19, 2017**

SIERRA CLUB,  
Petitioner,  
v.  
VIRGINIA ELECTRIC AND POWER COMPANY, VIRGINIA POWER SERVICES ENERGY CORPORATION,  
and  
ATLANTIC COAST PIPELINE, LLC,  
Respondents

For a declaratory judgment and an order requiring a filing pursuant to Sections 56-77 and 56-84 of the Code of Virginia

**FINAL ORDER**

On May 8, 2017, Sierra Club, by counsel, filed with the State Corporation Commission ("Commission") a Petition for Declaratory Judgment ("Petition"). In its Petition, Sierra Club specifically requests that the Commission:

- (a) declare that the fuel arrangement between the Virginia Electric and Power Company [("VEPCO")], the Virginia Power Services Energy Corporation [("VPSE")], and Atlantic Coast Pipeline, LLC [("ACP")], is an "arrangement ... made or entered into between a public service company and any affiliated interest" that "provid[es] for the furnishing of ... services" and/or "for the purchase, sale, lease or exchange of any property, right or thing" and is therefore subject to Commission approval under Virginia Code § 56-77;
- (b) order [VEPCO, VPSE, and ACP] to file a verified application or petition under Virginia Code § 56-84 for the approval of the fuel procurement arrangement between those three entities;
- (c) issue a summary order under Virginia Code § 56-81 prohibiting [VEPCO] from treating any payments made under the terms of the [VEPCO]-VPSE-ACP arrangement as operating expenses or capital expenditures for rate or valuation purposes unless and until such payments have received the approval of the Commission; and
- (d) grant any additional relief that the Commission deems appropriate.<sup>1</sup>

Sierra Club states that it has filed its Petition pursuant to Rules 100 B and C of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-100 B, C.<sup>2</sup> Sierra Club asserts, among other things, that an actual controversy exists for which Sierra Club has no adequate remedy other than a declaration from the Commission as requested in Sierra Club's Petition.<sup>3</sup>

On May 25, 2017, VEPCO and VPSE filed a motion to dismiss Sierra Club's Petition. Also on May 25, 2017, ACP filed a separate motion to dismiss Sierra Club's Petition. On June 15, 2017, Sierra Club filed a response to the motions to dismiss. On June 20, 2017, VEPCO and VPSE filed a reply to Sierra Club's response.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the motions to dismiss shall be granted.

<sup>1</sup> Petition at 21-22. The Petition describes: VEPCO as a Virginia public service company; VPSE as a wholly-owned, indirect subsidiary of VEPCO formed to manage VEPCO's fuel-related activities; and ACP as a Delaware limited liability company and joint venture involving among others, Dominion Energy, Inc., that was organized to develop, own, and operate an interstate natural gas pipeline and associated facilities in West Virginia, Virginia, and North Carolina. *Id.* at 1-3.

<sup>2</sup> *Id.* at 1.

<sup>3</sup> *Id.* at 17-21.

On September 29, 2014, the Commission approved – subject to specific requirements – the current fuel management agreement ("Fuel Agreement") between VEPCO and VPSE pursuant to Chapter 4 of Title 56 of the Code of Virginia, Code § 56-76 *et seq.* ("Affiliates Act").<sup>4</sup> Under this approved agreement, among other things: VPSE provides fuel and risk management services to VEPCO, including the purchase, sale, storage, and transportation of natural gas, oil, gasoline, diesel fuel, and miscellaneous fuel; VPSE maintains ownership of certain oil and natural gas transportation and storage contracts on behalf of VEPCO; and VEPCO pays to VPSE an amount equal to the actual costs incurred by VPSE thereunder, including storage and transportation costs, commodity costs, and service charges.<sup>5</sup>

Next, the Petition states that "[i]n furtherance of the [Fuel Agreement], VPSE has entered into a Precedent Agreement for Firm Transportation Services with [Atlantic Coast Pipeline, LLC ('ACP')], reserving 300,000 dekatherms per day of natural gas capacity on ACP's pipeline at a negotiated rate for a twenty-year term" ("VPSE-ACP Agreement").<sup>6</sup> The Petition further states that, like VPSE, ACP is an "affiliated interest" of VEPCO under the Affiliates Act.<sup>7</sup>

In order to provide fuel service to VEPCO under the Fuel Agreement, VPSE may enter into additional contracts with affiliated (such as ACP) and non-affiliated companies. In approving the Fuel Agreement, the Commission concluded that it was not necessary – in order to find the Fuel Agreement in the public interest under the Affiliates Act – for the Commission also to approve contracts VPSE may enter into with other affiliates (other than VEPCO). Specifically, the Commission explained that under Code § 56-80, the Commission retains continuing supervisory control over the terms and conditions of the Fuel Agreement in order to protect and promote the public interest.<sup>8</sup> Thus, pursuant to this continuing supervisory control and authority, the Commission required VEPCO to file with the Commission's Staff all agreements between VEPCO's affiliates (such as the VPSE-ACP Agreement) that are entered into for the benefit of VEPCO, because "[t]hese agreements may be relevant to whether continuation of the [Fuel Agreement] approved herein remain[s] in the public interest under the Affiliates Act."<sup>9</sup>

In addition, the Commission approved the Fuel Agreement for a limited five-year term, directed that such approval shall have no ratemaking implications, and further ordered that such approval "shall not guarantee the recovery of any costs directly or indirectly related to" the Fuel Agreement.<sup>10</sup> Indeed, the Commission relied on these requirements – including the requirement for all of VPSE's other affiliate contracts to be filed with the Commission's Staff – in finding that we need not address questions related to whether VPSE's other affiliate contracts are subject to approval under the Affiliates Act.<sup>11</sup> Rather, based on the requirements of the Commission's approval and our continuing supervisory control over the terms and conditions of the Fuel Agreement, the Commission found the Fuel Agreement to be in the public interest.

As a result, for purposes of Affiliates Act approval of the Fuel Agreement, the Commission has already taken into consideration the type of contract that VPSE has entered into with ACP. That consideration, as noted above, is separate and distinct from VEPCO's recovery of costs paid to VPSE under the Fuel Agreement. For example, if the VPSE-ACP Agreement results in VPSE overcharging VEPCO for fuel costs, that issue would be relevant for purposes of a future fuel factor proceeding under Code § 56-249.6. Indeed, there can be no dispute that the Commission's approval of the Fuel Agreement in no manner guarantees recovery of costs charged to VEPCO by VPSE. To the contrary, the Affiliates Act expressly directs as follows:

The fact that the Commission shall have approved entry into any such contract or arrangement shall not preclude disallowance or disapproval of payments made pursuant thereto in the future, if upon actual experience under such contract or arrangement, it appears that the payments provided for, or made, were, or are, unreasonable.<sup>12</sup>

Sierra Club, however, asserts that it is harmed due to the potential impact on retail rates resulting from the VPSE-ACP Agreement.<sup>13</sup> Such potential harm is not ripe for adjudication in the instant proceeding. Not only does Affiliates Act approval of the Fuel Agreement not preclude disallowance of payments made thereunder, such approval also does not absolve VEPCO from its obligation to show that the fuel costs it pays to VPSE are just and reasonable. Specifically, in a fuel factor proceeding, Code § 56-249.6 requires the following:

<sup>4</sup> *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of new and revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia, Va. Code § 56-76 et seq.*, Case No. PUE-2014-00062 2014 SCC Ann. Rept. 454 ("2014 Affiliates Case").

<sup>5</sup> *See id.*, Staff Report at 5-6 and Attachment B (filed Sept. 29, 2014); *see also* Petition at 10.

<sup>6</sup> Petition at 10 (footnote omitted).

<sup>7</sup> *Id.* at 3.

<sup>8</sup> 2014 Affiliates Case, Order Granting Approval at 5.

<sup>9</sup> *Id.* at 5-6.

<sup>10</sup> *Id.* at 6-7.

<sup>11</sup> *Id.* at 6 n.13.

<sup>12</sup> Code § 56-80.

<sup>13</sup> *See, e.g.*, Petition at 17-18.



The Commission shall disallow recovery of any fuel costs that it finds without just cause to be the result of failure of the utility to make every reasonable effort to minimize fuel costs or any decision of the utility resulting in unreasonable fuel costs, giving due regard to reliability of service and the need to maintain reliable sources of supply, economical generation mix, generating experience of comparable facilities, and minimization of the total cost of providing service.

Thus, if the VPSE-ACP Agreement results in unreasonable fuel costs paid by VEPCO, the remedy for such harm is to deny VEPCO recovery for overcharges in a fuel factor proceeding under Code § 56-249.6. VEPCO likewise acknowledges that "[t]o the extent [VEPCO] seeks to recover costs associated with the firm transportation services procured by VPSE under [the VPSE-ACP Agreement] in a future fuel factor proceeding, it will carry the burden to demonstrate that such costs were reasonably and prudently incurred."<sup>14</sup> The present proceeding is not a fuel factor case, and VEPCO has not sought recovery for fuel costs related to a pipeline that does not presently exist.

Sierra Club also asserts that it is harmed because the VPSE-ACP Agreement could potentially "influence [VEPCO's] resource planning process – including, for example, its potential to foster unnecessary or uneconomical reliance on natural gas resources at the expense of renewable and efficiency investments."<sup>15</sup> Such potential harm is also not ripe for adjudication in the instant proceeding. VEPCO's potential future resource decisions (*e.g.*, to build a natural gas-fired electric generating facility) would be adjudicated in formal proceedings in which VEPCO seeks a certificate of public convenience and necessity ("CPCN") from the Commission for such resource; as in any CPCN case, Sierra Club and other interested parties would have an opportunity to participate therein and to support or oppose such resource decision. The present proceeding, however, is not a CPCN case for approval of any generating resource, nor is it a rate case to recover costs attendant to any yet-to-be-proposed generating facility.

Accordingly, IT IS SO ORDERED, and this case is DISMISSED.

<sup>14</sup> VEPCO's Motion to Dismiss at 5-6.

<sup>15</sup> *See, e.g.*, Petition at 20.

**CASE NO. PUR-2017-00062  
JULY 10, 2017**

APPLICATION OF  
PRX ENERGY LLC

For a license to conduct business as a natural gas aggregator

**ORDER GRANTING LICENSE**

On May 11, 2017, PRX Energy LLC ("PRX" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for natural gas ("Application"). In its Application, the Company seeks to serve small independent colleges as well as additional institutional, commercial, and industrial customers<sup>1</sup> throughout the Commonwealth of Virginia.<sup>2</sup> PRX attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>3</sup>

On May 24, 2017, the Commission entered an Order for Notice and Comment ("Order") which, among other things, docketed the case; required PRX to serve a copy of the Order upon appropriate persons; provided an opportunity for interested persons to comment on the Application; required the Commission's Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file a response to the Staff Report.

On June 5, 2017, PRX filed proof of service in accordance with the Order. No one filed comments on the Application.

On June 21, 2017, Staff filed its Staff Report, which summarized PRX's Application and evaluated its financial condition and technical fitness. Staff recommended that a license be granted to PRX to conduct business as an aggregator of natural gas to educational, commercial, and industrial customers throughout the Commonwealth of Virginia. No one filed a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that PRX meets the requirements for a license to conduct business as an aggregator of natural gas to educational, commercial, and industrial customers and that such license should be granted subject to the conditions set forth below.

<sup>1</sup> These customer types fall within the categories of educational, commercial, and industrial customers.

<sup>2</sup> Although PRX seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

<sup>3</sup> 20 VAC 5-312-10 *et seq.*

Accordingly, IT IS ORDERED THAT:

- (1) PRX hereby is granted License No. A-53 to conduct business as a natural gas aggregator for eligible educational, commercial, and industrial customers in the Commonwealth of Virginia. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUR-2017-00064  
JUNE 8, 2017**

APPLICATION OF  
AQUA VIRGINIA, INC.

For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On May 12, 2017, Aqua Virginia, Inc. ("Aqua Virginia") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> for authority to issue long-term debt securities to its parent, Aqua America, Inc. ("Aqua America") under previously approved transaction authority.<sup>2</sup> Aqua America is an affiliate of Aqua Virginia pursuant to Chapter 4 of the Code. On May 15, 2017, Aqua Virginia completed its Application with a check for the requisite filing fee.

Aqua Virginia proposes to issue additional debt to Aqua America in the form of promissory notes ("Notes"), not to exceed \$13,015,171, from time to time through December 31, 2017. The proceeds from the Notes may be used to purchase and construct additional property and facilities and to refinance approximately \$4,300,000 of debt that has reached maturity or will mature prior to December 31, 2017. However, the amount of Aqua Virginia's total debt outstanding will not exceed \$40,000,000 after the Notes are issued and a portion of the proceeds is used to refinance maturing debt. The interest rate and terms for the Notes will mirror those of debt issued by Aqua America and allocated to Aqua Virginia.

In conjunction with the Application, Aqua Virginia filed a Motion for Protective Order ("Motion") regarding confidential information contained in the Application. In addition, Aqua Virginia's Motion sought protection of confidential information that was anticipated in response to discovery requests related to the Application.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest. The Commission is of the opinion and finds that Aqua Virginia's Motion is no longer necessary and should, therefore, be denied.<sup>3</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Aqua Virginia is hereby authorized under Chapter 3 of the Code to issue up to \$13,015,171 of Notes from time to time through December 31, 2017, such that its total debt outstanding does not exceed \$40,000,000, for the purposes and under the terms and conditions set forth in the Application.
- (2) Aqua Virginia shall file with the Clerk of the Commission a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.
- (3) Within sixty (60) days after the end of each calendar quarter in which any security is issued pursuant to this Order, Aqua Virginia shall file with the Clerk of the Commission a more detailed Report of Action to include: the type of security issued; the date and amount of each series; the interest rate and yield; the maturity date; net proceeds to Aqua Virginia; an itemized list of expenses to date associated with each issue; and a description of how the proceeds were used.

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<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> See *Joint Application of Aqua Virginia, Inc. and Aqua America, Inc., et al., For approval of a services agreement*, Case No. PUE-2014-00078, 2014 S.C.C. Ann. Rept., p. 468, Order Granting Approval (Dec. 18, 2014).

<sup>3</sup> We note that the Commission has received no request during this proceeding for leave to review the confidential information. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain such information under seal.

- (4) Aqua Virginia's final Report of Action shall be due on or before March 1, 2018, to include the information required in Ordering Paragraph (3) in a cumulative summary of actions taken during the period authorized.
- (5) Approval of the Application shall have no implications for ratemaking purposes.
- (6) The authority granted herein shall not preclude the Commission from applying hereafter the provisions of § 56-78 or § 56-80 of the Code.
- (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.
- (8) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUR-2017-00068  
JULY 14, 2017**

APPLICATION OF  
WORTHINGTON ENERGY CONSULTANTS, LLC

For a license to conduct business as an aggregator for electricity and natural gas

**ORDER GRANTING LICENSE**

On May 17, 2017, Worthington Energy Consultants, LLC ("Worthington Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, the Company seeks authority to serve eligible commercial, industrial, and residential customers throughout the Commonwealth of Virginia.<sup>1</sup> Worthington Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On May 24, 2017, the Commission entered an Order for Notice and Comment, which, among other things: docketed the case; required Worthington Energy to serve a copy of the Order for Notice and Comment upon appropriate persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On June 6, 2017, Worthington Energy filed proof of service. On June 13, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia filed a notice of participation and comments.

On June 27, 2017, Staff filed the Staff Report, which summarized Worthington Energy's Application and evaluated its financial and technical fitness. Staff concluded that Worthington Energy appears to have the financial and technical fitness to conduct business as an aggregator of electricity and natural gas. Staff recommended that a license be granted to conduct business as an aggregator of natural gas and electricity to commercial, industrial, and residential customers throughout the Commonwealth of Virginia. No responses were filed to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Worthington Energy's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and residential customers throughout Virginia should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Worthington Energy is hereby granted License No. A-54 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and residential customers throughout the Commonwealth of Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

<sup>1</sup> Although Worthington Energy seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail access choice for electricity is only permitted to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

**CASE NO. PUR-2017-00069  
AUGUST 10, 2017**

APPLICATION OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

**ORDER FOR NOTICE AND HEARING**

On June 30, 2017, Massanutten Public Service Corporation ("Massanutten" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in its water and sewer rates, together with certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>1</sup> and testimonies and exhibits ("Application").<sup>2</sup> The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")<sup>3</sup> and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.<sup>4</sup> Massanutten also filed a Motion for Entry of a Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates for water and sewer service to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268.<sup>5</sup> The Company indicates that this rate request is based on a 9.25% return on equity.<sup>6</sup> Massanutten proposes to allocate the revenue increase for water and wastewater to its four customer classes producing the following revenue increase by class:<sup>7</sup>

<u>Class</u>	<u>Water Revenue Increase</u>	<u>Wastewater Revenue Increase</u>
Residential	3.76%	42.71%
Commercial	2.61%	41.60%
Hospitality	-0.78%	37.12%
Water Park	0.64%	38.91%

Currently the monthly base facilities charge applicable to water service for all customers ranges from \$13.82 to \$345.58 as the meter size increases from 5/8" to 4". Under the proposed rates, the monthly base facilities charge would range from \$14.26 to \$364.36 as the meter size increases from 5/8" to 4". Specifically, the Company proposes the following changes in water charges per 1,000 gallons to its four customer classes:

<u>Class</u>	<u>Current Charge</u>	<u>Proposed Charge</u>
Residential	\$8.47	\$8.93
Commercial	\$8.84	\$9.17
Hospitality	\$8.88	\$9.16
Water Park	\$9.23	\$9.57

Currently the monthly base facilities charge applicable to wastewater service for all customers ranges from \$13.37 to \$334.19 as the meter size increases from 5/8" to 4". Under the proposed rates, the monthly base facilities charge would range from \$19.07 to \$484.41 as the meter size increases from 5/8" to 4". Specifically, the Company proposes the following changes in wastewater charges per 1,000 gallons to its four customer classes:

<u>Class</u>	<u>Current Charge</u>	<u>Proposed Charge</u>
Residential	\$7.59	\$11.00
Commercial	\$8.67	\$12.42
Hospitality	\$8.62	\$12.29
Water Park	\$9.56	\$13.68

Currently, the monthly availability fee is \$4.81 for water and \$4.65 for wastewater. This would increase to \$5.07 per month for water and \$6.74 per month for wastewater. These charges are billed semi-annually.<sup>8</sup>

The Company's Application reflects proposed rates with an effective date of November 1, 2017.<sup>9</sup>

<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> On July 14, 2017, the Company filed Schedule 40. On July 19, 2017, the Company filed supplements to Schedules 30 and 36. The Company's Application was deemed complete as of July 19, 2017.

<sup>3</sup> Code § 56-232 *et seq.*

<sup>4</sup> 20 VAC 5-201-10 *et seq.*

<sup>5</sup> Application at 2, Schedule 26.

<sup>6</sup> Robert A. Guttormsen Direct Testimony at 2.

<sup>7</sup> *Id.* at 5-6; Application, Schedule 43. The Company calculated these percentage increases based in part on a reduction in customer consumption. *See* Application, Schedule 43; Steven Lubertozi Direct Testimony at 8.

<sup>8</sup> Application at 2-3.

<sup>9</sup> *Id.* at 3; Robert A. Guttormsen Direct Testimony at 6.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that Massanutten should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Company's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00069.
- (2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.
- (3) Massanutten's proposed rates are suspended for a period of 150 days, and the Company may implement its proposed rates on an interim basis, subject to refund with interest on or after December 16, 2017.
- (4) On or before November 8, 2017, Massanutten shall file a bond with the Commission in the amount of \$722,207 payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.
- (5) A public hearing on the Application shall be convened at 10 a.m. on March 27, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (6) Within ten (10) days of entry of this Order, Massanutten shall make available for inspection copies of the Application and this Order at the following office during regular business hours, Monday through Friday: Massanutten Public Service Corporation, 1550 Resort Drive, McGaheysville, Virginia 22840. Interested persons also may obtain a copy by submitting a written request to counsel for Massanutten, Brian R. Greene, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents filed in this case also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (7) On or before September 8, 2017, Massanutten shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF  
MASSANUTTEN PUBLIC SERVICE CORPORATION'S  
APPLICATION FOR A GENERAL INCREASE IN WATER  
AND SEWER RATES  
CASE NO. PUR-2017-00069

- **Massanutten Public Service Corporation has applied for approval to increase its water and sewer rates to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268.**
- **A Hearing Examiner appointed by the Commission will hear the case on March 27, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On June 30, 2017, Massanutten Public Service Corporation ("Massanutten" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in its water and sewer rates, together with certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice"), and testimonies and exhibits ("Application"). The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. Massanutten also filed a Motion for Entry of a Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates for water and sewer service to produce an increase in water revenues of \$63,939 and in wastewater revenues of \$658,268. The Company indicates that this rate request is based on a 9.25% return on equity. Massanutten proposes to allocate the revenue increase for water and wastewater to its four customer classes producing the following revenue increase by class:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Class	Water Revenue	Wastewater Revenue
	<u>Increase</u>	<u>Increase</u>
Residential	3.76%	42.71%
Commercial	2.61%	41.60%
Hospitality	-0.78%	37.12%
Water Park	0.64%	38.91%

Currently the monthly base facilities charge applicable to water service for all customers ranges from \$13.82 to \$345.58 as the meter size increases from 5/8" to 4". Under the proposed rates, the monthly base facilities charge would range from \$14.26 to \$364.36 as the meter size increases from 5/8" to 4". Specifically, the Company proposes the following changes in water charges per 1,000 gallons to its four customer classes:

Class	Current Charge	Proposed Charge
Residential	\$8.47	\$8.93
Commercial	\$8.84	\$9.17
Hospitality	\$8.88	\$9.16
Water Park	\$9.23	\$9.57

Currently the monthly base facilities charge applicable to wastewater service for all customers ranges from \$13.37 to \$334.19 as the meter size increases from 5/8" to 4". Under the proposed rates, the monthly base facilities charge would range from \$19.07 to \$484.41 as the meter size increases from 5/8" to 4". Specifically, the Company proposes the following changes in wastewater charges per 1,000 gallons to its four customer classes:

Class	Current Charge	Proposed Charge
Residential	\$7.59	\$11.00
Commercial	\$8.67	\$12.42
Hospitality	\$8.62	\$12.29
Water Park	\$9.56	\$13.68

Currently, the monthly availability fee is \$4.81 for water and \$4.65 for wastewater. This would increase to \$5.07 per month for water and \$6.74 per month for wastewater. These charges are billed semi-annually.

The Company requests that its proposed rate increase be allowed to go into effect on November 1, 2017.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Company to place its proposed rates, charges, and terms and conditions of service into effect on an interim basis, subject to refund, effective for service rendered on and after December 16, 2017.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on March 27, 2018, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected at the following location during regular business hours, Monday through Friday: Massanuttan Public Service Corporation, 1550 Resort Drive, McGaheysville, Virginia 22840. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Brian R. Greene, Esquire, GreeneHurlocker, PLC, 1807 Libbie Avenue, Suite 102, Richmond, Virginia 23226. If acceptable to the requesting party, the Company may provide the documents by electronic means.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On or before March 20, 2018, any interested person may file written comments on the Company's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before March 20, 2018, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUR-2017-00069.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before December 1, 2017. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for Massanutten at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00069. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

The Commission's Rules of Practice may be viewed at the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(8) Massanutten shall include the text of the public notice prescribed in Ordering Paragraph (7) on one (1) occasion as a bill insert for its customers. Including the bill insert shall commence as soon as practicable and shall continue until all customers have received the insert. Alternatively, Massanutten may send the text of the public notice by a separate mailing to customers, with such mailing being made no later than September 8, 2017.

(9) On or before September 8, 2017, Massanutten shall serve a copy of its Application and this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which Massanutten provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(10) On or before September 29, 2017, Massanutten shall file proof of the notice and service required by Ordering Paragraphs (7), (8) and (9), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(11) On or before March 20, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (10). Any interested person desiring to file comments electronically may do so on or before March 20, 2018, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00069.

(12) On or before December 1, 2017, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address in Ordering Paragraph (10), and each respondent shall serve a copy of the notice of participation on counsel to Massanutten at the address set forth in Ordering Paragraph (6). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00069.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the respondent a copy of this Order, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(14) On or before January 10, 2018, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (10). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00069.

(15) The Staff shall investigate the Application. On or before February 13, 2018, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(16) On or before March 6, 2018, Massanutten shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (10).

(17) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>10</sup> Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(18) This matter is continued.

<sup>10</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2017-00069, in the appropriate box.

**CASE NO. PUR-2017-00077**  
**JUNE 27, 2017**

JOINT PETITION OF  
WEST CORPORATION and OLYMPUS HOLDINGS II, LLC

For approval of an indirect transfer of control pursuant to Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On May 25, 2017, West Corporation ("West") and Olympus Holdings II, LLC ("Olympus") (collectively, "Petitioners"),<sup>1</sup> completed the filing of a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> requesting approval of an indirect transfer of control ("Proposed Transfer") whereby Olympus, through its wholly owned subsidiary Olympus Merger Sub, Inc. ("Merger Sub"), will acquire control of West and West's wholly owned subsidiaries, including West Safety Communications of Virginia Inc. ("West Safety-VA")<sup>3</sup> and West Telecom Services, LLC ("West Telecom")<sup>4</sup> (collectively, the "West CLECs"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, Petitioners filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Petition. On May 9, 2017, Mount Olympus Holdings, Inc. (the indirect parent of Olympus), Merger Sub, and West entered into an Agreement and Plan of Merger pursuant to which Merger Sub will merge with and into West, with West continuing as the surviving corporation. The Petitioners state that at closing, the current issued and outstanding shares of West will be converted into the right for each West shareholder to receive a cash payment.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through its action brief, is of the opinion and finds that the West CLECs will continue to have the financial, managerial, and technical resources necessary to provide telecommunications services in Virginia and, therefore, the Proposed Transfer should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

<sup>1</sup> Joshua J. Harris, Matthew Nord, and Robert Kalsow-Ramos also are considered Petitioners and have provided the statutorily required verified signatures.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> West Safety-VA is authorized to provide local exchange and interexchange telecommunications services in Virginia. *See Application of Intrado Communications of Virginia Inc., For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change*, Case No. PUC-2016-00012, 2016 S.C.C. Ann. Rept. 168, Order Reissuing Certificates (Mar. 4, 2016).

<sup>4</sup> West Telecom is authorized to provide local exchange telecommunications services in Virginia. *See Application of Hypercube Telecom, LLC, For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change*, Case No. PUC-2015-00051, 2015 S.C.C. Ann. Rept. 176, Order Reissuing Certificate (Nov. 5, 2015).

<sup>5</sup> The Commission held Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.



Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date of the Proposed Transfer.
- (3) Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

**CASE NO. PUR-2017-00079  
OCTOBER 25, 2017**

JOINT PETITION OF  
SUNSET DIGITAL COMMUNICATIONS, INC.,  
SUNSET FIBER, LLC, SUNSET DIGITAL HOLDINGS, INC.,  
and  
BVU AUTHORITY

For approval of the transfer of the telecommunications assets of BVU Authority, and the transfer of control of Sunset Digital Communications, Inc., and Sunset Fiber, LLC, pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On August 10, 2017, Sunset Digital Communications, Inc. ("Sunset Digital"), Sunset Fiber, LLC ("Sunset Fiber") (collectively, "Sunset CLECs"), Sunset Digital Holdings, Inc. ("Sunset Holdings"), and BVU Authority ("BVUA") (collectively, "Petitioners"),<sup>1</sup> completed the filing of a Joint Petition ("Petition")<sup>2</sup> with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),<sup>3</sup> requesting approval of the transfer of the telecommunications assets of BVUA to Sunset Digital ("BVUA Transfer"),<sup>4</sup> and the transfer of control of the Sunset CLECs ("Sunset Transfer"). The Petitioners also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

On September 29, 2017, the Petitioners filed a Motion to Amend and Second Supplement to Joint Petition ("Motion to Amend") to further amend the Petition ("September 29 Amendment"). In this filing, the Petitioners seek approval to modify the proposed Sunset Transfer as initially described in the June 28 Amendment. As revised, Petitioners now propose that Sunset Fiber become a wholly owned direct subsidiary of Sunset Holdings and thereby an affiliate of its current parent company, Sunset Digital. The Petitioners also state that as to the proposed BVUA Transfer, Sunset Fiber, rather than Sunset Digital, will own the OptiNet System at closing. Finally, the Petitioners assert that all other representations in the Petition remain true and correct. The Commission granted Petitioners' Motion to Amend on October 4, 2017.<sup>5</sup>

Sunset Digital is authorized to provide interexchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity ("Certificate") issued by the Commission in Case No. PUC-2004-00034.<sup>6</sup> Sunset Fiber is authorized to provide local and interexchange services in Virginia pursuant to its Certificates issued by the Commission in Case Nos. PUC-2015-00013 and PUC-2016-00029, respectively.<sup>7</sup> BVUA is authorized to provide local and interexchange services in Virginia pursuant to its Certificates issued by the Commission in Case No. PUC-2010-00032.<sup>8</sup>

<sup>1</sup> HIG Capital Partners V, L.P. ("Investment Fund"), also is considered one of the Petitioners and has provided the statutorily required verifications.

<sup>2</sup> The Joint Petition originally filed on May 30, 2017, and the subsequent Motion to Amend and Supplement Joint Petition ("June 28 Amendment") filed on June 28, 2017, are referred to herein collectively as the "Petition."

<sup>3</sup> Code § 56-88 *et seq.*

<sup>4</sup> BVUA conducts its telecommunications business under the trade name "OptiNet." Therefore, the telecommunications assets of BVUA are referred to herein as the "OptiNet System."

<sup>5</sup> The Petition and the September 29 Amendment are referred to herein collectively as the "Amended Petition."

<sup>6</sup> *Application of Sunset Digital Communications, Inc., For a certificate of public convenience and necessity to provide interexchange telecommunications services*, Case No. PUC-2004-00034, 2004 S.C.C. Ann. Rept. 239, Final Order (Sept. 17, 2004).

<sup>7</sup> *Application of Sunset Fiber, LLC, For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2015-00013, 2015 S.C.C. Ann. Rept. 157, Final Order (June 26, 2015); *Application of Sunset Fiber, LLC, For a certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2016-00029, 2016 S.C.C. Ann. Rept. 176, Final Order (June 16, 2016).

<sup>8</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the Matter of Implementing the BVU Authority Act, Section 15.2-7200 et seq. of the Code of Virginia*, Case No. PUC-2010-00032, 2010 S.C.C. Ann. Rept. 255, Administrative Order Reflecting Name Change (July 23, 2010).

The Petitioners maintain that the BVUA Transfer, as revised by the September 29 Amendment, is to be made pursuant to an Asset Purchase Agreement ("Asset Agreement") and four subsequent amendments to the Asset Agreement whereby Sunset Fiber will acquire the OptiNet System from BVUA. Petitioners state that Sunset Fiber will operate the OptiNet System and provide service to OptiNet customers under the same rates, terms, and conditions of service that are currently in place.

In the June 28 Amendment, as revised by the September 29 Amendment, the Petitioners request Commission approval of the Sunset Transfer whereby Sunset Holdings will acquire direct control of Sunset Digital and Sunset Fiber so as to enable the financing of the BVUA Transfer. The Petitioners also represent that the Investment Fund will beneficially own a 70% share of the stock of Sunset Holdings upon completion of the amended BVUA Transfer and amended Sunset Transfer (collectively, "Transfers"). Accordingly, as a result of the Transfers, the Investment Fund will hold a majority interest in Sunset Holdings, which, in turn, will be the direct parent company of both Sunset Digital and Sunset Fiber, while Sunset Fiber will own and operate the OptiNet System.<sup>9</sup>

The Petitioners assert that the Sunset CLECs will continue to provide services to their customers in Virginia and the newly acquired OptiNet customers without any immediate changes to the rates, terms, or conditions of service as currently provided. The Petitioners further represent that the proposed Transfers are expected to enhance the ability of the Sunset CLECs to compete in the telecommunications marketplace. In support of the Amended Petition, the Petitioners assert that the Transfers will result in the same management structure Sunset Fiber has today, as Sunset Fiber's officers and key personnel will remain the same as before the change in ownership structure. Additionally, the Asset Agreement provides that Sunset Digital will offer employment to all or substantially all of the BVUA employees working on the OptiNet System. Petitioners also have provided a description of the Sunset CLECs' current and post-Transfers leadership teams, as well as the most recent financial statements of Sunset Holdings and the Sunset CLECs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. According to Code § 56-88.1 A 2, when determining whether to grant approval of a transfer of control under the circumstances described in the Amended Petition, "the Commission shall consider only the financial, managerial, and technical resources to render local exchange telecommunications services of the person acquiring control of or all of the assets of the telephone company." Having been advised by the Commission's Staff and upon consideration of the applicable law and representations of the Petitioners, the Commission finds that the above-described Transfers should be approved. We also find that the Petitioners' Motion is no longer necessary and, therefore, should be denied.<sup>10</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Transfers as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfers, which shall note the date(s) the Transfers occurred.
- (3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

<sup>9</sup> The Petitioners state that after the Transfers, it is anticipated that the Investment Fund will exert little to no control or influence over the day-to-day telecommunications operations of the Sunset CLECs. Further, the Petitioners state that they anticipate that the Investment Fund will exercise little influence over the policies and actions of the Sunset CLECs following the Transfers and will instead rely on the staff of the Sunset CLECs and former employees and management of BVUA/OptiNet to run the telecommunications business.

<sup>10</sup> The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00081  
AUGUST 25, 2017**

APPLICATION OF  
ATMOS ENERGY CORPORATION

For approval of a SAVE Rider adjustment

**ORDER APPROVING SAVE RIDER**

On June 1, 2017, Atmos Energy Corporation ("Atmos" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of the Company's Infrastructure Replacement Reconciliation Rate ("IRRR" or "True-Up Factor") pursuant to § 56-604 E of the Code of Virginia ("Code") and as required by the Commission's September 1, 2016 Order in Case No. PUE-2016-00057.<sup>1</sup> In its Application, the Company proposes to (1) correct the Accumulated Deferred Income Taxes and carrying cost balances for each year of the SAVE Plan; (2) reconcile cumulative costs and recoveries through September 2017; and (3) calculate a final True-Up Factor revenue requirement that accounts for the above adjustments.

<sup>1</sup> *Application of Atmos Energy Corporation, For approval of a SAVE Rider adjustment*, Case No. PUE-2016-00057, Doc. Con. Cen. No.160910027, Order Approving SAVE Rider (Sept. 1, 2016).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 17, 2017, the Commission entered an Order for Notice and Comment ("Procedural Order"), which, among other things, required the Company to publish notice of its Application; provided an opportunity for interested persons to file comments, request a hearing, or participate in this proceeding by filing a notice of participation; and required Commission Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing its findings and recommendations.

On July 24, 2017, the Company filed proof of notice and publication of its Application, as required by the Procedural Order. No comments, requests for hearing, or notices of participation were filed.

On August 9, 2017, the Staff filed its Staff Report wherein Staff recommended a True-Up Rate revenue requirement of \$70,172.<sup>2</sup> Staff also recommended that the Commission direct the Company to issue a one-time refund to customers based on the Company's over-recovery balance as of September 30, 2017, using the following methodology:

- (1) The Company should calculate a volumetric rate to refund the calculated IRRR revenue requirement using the actual billed volumetric usage of customers active at the time of the refund in the October 1, 2016 to September 30, 2017 time period as billing determinants.
- (2) The distribution of the revenue requirement to customer classes should be consistent with the Company's June 1, 2017 Application.
- (3) The refund due to customers should be calculated individually for each customer based on the actual billed volumes for the customer and the rate discussed in paragraph (1) above.
- (4) No additional carrying charges beyond those included in the revenue requirement calculation should be applied to the refunds.
- (5) Only customers who are active at the time the refund is processed should be eligible to receive the one-time bill credit.
- (6) The refund should be issued by December 31, 2017. Atmos should make a filing to the divisions of Public Utility Regulation and Utility Accounting and Finance with details of the refund by January 31, 2018.<sup>3</sup>

On August 16, 2017, the Company, by counsel, filed a letter with the Clerk of the Commission stating that it had reviewed the Staff Report and supports the recommendations set forth therein.

NOW THE COMMISSION, having considered the Company's Application and the applicable law, is of the opinion and finds that a True-Up Rate revenue requirement of \$70,172 should be approved for the Company's SAVE Rider; that the Company should be directed to issue a one-time refund to customers based on the Company's over-recovery balance as of September 30, 2017, using the methodology described herein; and that the Company should file a report detailing the issuance of the one-time refund to the Divisions of Public Utility Regulation and Utility Accounting and Finance.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's SAVE Rider, as permitted by § 56-603 *et seq.* of the Code, is approved as set forth in this Order.
- (2) On or before December 31, 2017, the Company shall issue a one-time refund to customers based on the Company's over-recovery balance as of September 30, 2017, using the methodology described herein.
- (3) On or before January 31, 2018, the Company shall file a report detailing the issuance of the one-time refund with the Divisions of Public Utility Regulation and Utility Accounting and Finance.
- (4) This matter is dismissed.

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<sup>2</sup> Staff Report at 5.

<sup>3</sup> *Id.* at 7-8.

**CASE NO. PUR-2017-00082  
SEPTEMBER 5, 2017**

APPLICATION OF  
AQUA VIRGINIA, INC.

For an increase in rates

**ORDER FOR NOTICE AND HEARING**

On August 1, 2017, Aqua Virginia, Inc. ("Aqua Virginia" or "Company"), filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application").<sup>1</sup> Aqua Virginia filed the Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings ("Rate Case Rules").<sup>3</sup> Aqua Virginia included exhibits and the pre-filed testimony of John J. Aulbach, II, Stanley F. Szczygiel, Richard F. Hale, Jr., Daniel M. Hingley, Dylan W. D'Ascendis, Constance E. Heppenstall, and Daniel T. Franceski with the Application.

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,488,998 and in wastewater revenues of \$399,069.<sup>4</sup> According to Aqua Virginia, the proposed rate increase would constitute an 11.0% increase in the Company's water revenues and a 5.4% increase in wastewater revenues.<sup>5</sup> The Company asserts that a capital structure consisting of 49.95% long-term debt and 50.05% common equity and an authorized return on equity capital of 10.60% are appropriate for ratemaking in this proceeding.<sup>6</sup> Aqua Virginia requests that the new rates become effective, subject to refund pending a final order in this proceeding, no later than 120 days after the Company filed its Application, December 1, 2017.<sup>7</sup>

In addition to the revenue increases, the Company requests authorization to make changes to the Rules and Regulations of its tariff.<sup>8</sup> These changes include: (1) a new section regarding controls on substances disposed of into the wastewater system; and (2) elimination of sewer volumetric allowances for portable handheld irrigation deduction meters.<sup>9</sup>

Through its Application, Aqua Virginia also seeks to combine two of the water rate groups and create one new water rate group and one new wastewater rate group for several of the recently-acquired systems, while reducing the differences between the Company's rate groups to continue the approved progress toward uniform consolidated rates for water and sewer [service] in accordance with the Commission's policy of gradualism in adjustment of rates.<sup>10</sup>

Additionally, Aqua Virginia seeks authorization to implement a water and wastewater infrastructure service charge ("WWISC").<sup>11</sup> The Company asserts it has made substantial investments in water and wastewater infrastructure in the Commonwealth of Virginia, including significant efforts to replace mains and other aging infrastructure that have reached the end of their useful lives.<sup>12</sup> The Company explains that to achieve its goal of a 100-year replacement rate on aging infrastructure, it will be required to request even larger and more frequent base rate increases.<sup>13</sup> The Company requests the WWISC to plan for and recover capital investments on a timely basis.<sup>14</sup> Aqua Virginia asserts that the WWISC would ensure that the Commission continues to exercise the same or a greater level of review of such investments and their incorporation into rates, but through a streamlined and focused process, leading to smaller and more gradual increases in rates.<sup>15</sup> The Company asks that the Commission approve the proposed WWISC to be effective

<sup>1</sup> Aqua Virginia also filed a letter enclosing the written testimony of Constance E. Heppenstall and the Water Cost of Service Study on August 8, 2017; a letter enclosing Schedule 15 and a revised Schedule 34 on August 10, 2017; a letter amendment to its Application for working capital on August 11, 2017; and revised Schedules 3 and 4 on August 14, 2017. The Staff of the Commission ("Staff") filed its Memorandum of Completeness on August 15, 2017, finding Aqua Virginia's Application complete. The Staff filed a revised Memorandum of Completeness on August 16, 2017, clarifying that the Application was deemed complete as of August 14, 2017, when Aqua Virginia filed revised Schedules 3 and 4.

<sup>2</sup> Code § 56-232 *et seq.*

<sup>3</sup> 20 VAC 5-201-10 *et seq.*

<sup>4</sup> Application at 2.

<sup>5</sup> *Id.* Aqua Virginia asserts that its testimony and evidence support a 12.9% increase in water revenues and a 7.5% increase in wastewater revenues, but the Company is not requesting such an increase through its Application. *Id.*

<sup>6</sup> *Id.* at 5.

<sup>7</sup> Aqua Virginia's Letter Amendment Regarding Working Capital at 2. The Company initially requested that the new rates become effective 180 days after the Company's Application is deemed complete. Application at 5.

<sup>8</sup> Application at 3.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *Id.* at 5.

<sup>12</sup> *Id.* at 6.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 6-7.

<sup>15</sup> *Id.* at 7.

February 1, 2019, following the close of the rate year used in the Application.<sup>16</sup> Aqua Virginia asserts that no investments that are incorporated into the Company's proposed base rate increase in this proceeding would be included in the proposed WWISC.<sup>17</sup>

In connection with the Application, the Company also filed: (i) a Petition for Waiver in which it requested a partial waiver of Rules 20 VAC 5-201-20 and 20 VAC 5-201-90 (Schedule 40) of the Rate Case Rules requiring a jurisdictional cost of service study;<sup>18</sup> and (ii) a Motion for Protective Order in which the Company requests that the Commission enter a protective order setting forth the procedures by which disclosure of certain confidential information shall be handled in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a public hearing should be convened to receive evidence on the Application and that pursuant to Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice"), this matter should be assigned to a Hearing Examiner to conduct all further proceedings.<sup>19</sup> We will direct Aqua Virginia to give notice to the public of the Application, and we will give interested persons an opportunity to comment on the Application or to participate as a respondent in this proceeding. The Staff shall investigate the Application and present its findings in testimony. The Company will be permitted to file testimony in rebuttal to the testimony filed by the respondents and the Staff.

Section 56-238 of the Code permits the suspension of rates for up to 180 days from the date of filing. The Memorandum of Completeness in this proceeding deemed Aqua Virginia's Application complete on August 14, 2017. We find that suspending rates for 180 days is appropriate in this case. On or after February 10, 2018, the Company may, but is not required to, implement its proposed rates on an interim basis, subject to refund with interest.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUR-2017-00082.
- (2) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, concluding with the issuance of a report containing the Hearing Examiner's findings and recommendations.
- (3) The proposed rates, charges, and terms and conditions of service are suspended, pursuant to § 56-238 of the Code. The Company may, but is not obligated to, implement the proposed rates for service rendered on and after February 10, 2018, on an interim basis, subject to refund with interest.
- (4) On or before December 4, 2017, Aqua Virginia shall file a bond with the Commission in the amount of \$1,888,067 payable to the Commission and conditioned to insure the prompt refund by the Company to those entitled thereto of all amounts the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.
- (5) A public hearing shall be convened on April 24, 2018, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments from members of the public and to receive evidence on the Application. Any person desiring to make a statement at the public hearing concerning the Application need only appear in the Commission's Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (6) Copies of the Application, testimony, and schedules, as well as a copy of this Order for Notice and Hearing, may be obtained by submitting a written request to counsel for Aqua Virginia, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.
- (7) On or before October 10, 2017, Aqua Virginia shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within Virginia:

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> On June 29, 2017, the Commission entered an Order granting Aqua Virginia's Petition for Waiver and directing the Company to file Schedules 19, 22, 25, 29, and 30, showing cost of service on a going-forward individual subsidiary basis for Aqua Presidential, Inc., Aqua Wintergreen Valley Utility Company, and Aqua Utilities Captain's Cove, Inc. *Aqua Virginia, Inc., For an increase in rates*, Case No. PUR-2017-00082, Doc. Con. Cen. No. 170640177, Order (June 29, 2017). These subsidiaries were merged into Aqua Virginia pursuant to the Order Granting Approval entered May 3, 2017, in Case No. PUR-2017-00018. *See Joint Petition of Aqua Virginia, Inc.; Aqua Presidential, Inc.; Aqua Wintergreen Valley Utility Company; and Aqua Utilities Captain's Cove, Inc., For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00018, Doc. Con. Cen. No. 170510135, Order Granting Approval (May 3, 2017).

<sup>19</sup> The Motion for Protective Order shall be addressed by separate ruling by the Hearing Examiner appointed to conduct the proceedings in this matter.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOTICE TO THE PUBLIC OF AN APPLICATION BY AQUA  
VIRGINIA, INC., FOR AN INCREASE IN RATES  
CASE NO. PUR-2017-00082

- **Aqua Virginia, Inc., has applied for approval to increase its water and sewer rates to produce an increase in water revenues of \$1,488,988 and in wastewater revenues of \$399,069.**
- **A Hearing Examiner appointed by the Commission will hear the case on April 24, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On August 1, 2017, Aqua Virginia, Inc. ("Aqua Virginia" or "Company"), filed an application with the State Corporation Commission ("Commission") for an increase in water and sewer rates ("Application"). Aqua Virginia filed the Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.

The Company requests authority to increase rates for water and sewer service to produce an increase in water revenues of \$1,488,998 and in wastewater revenues of \$399,069. According to Aqua Virginia, the proposed rate increase would constitute an 11.0% increase in the Company's water revenues and a 5.4% increase in wastewater revenues. The Company asserts that a capital structure consisting of 49.95% long-term debt and 50.05% common equity and an authorized return on equity capital of 10.60% are appropriate for ratemaking in this proceeding.

In addition to the revenue increases, the Company requests authorization to make changes to the Rules and Regulations of its tariff. These changes include: (1) a new section regarding controls on substances disposed of into the wastewater system; and (2) elimination of sewer volumetric allowances for portable handheld irrigation deduction meters.

Through its Application, Aqua Virginia also seeks to combine two of the water rate groups and create one new water rate group and one new wastewater rate group for several of the recently-acquired systems, while reducing the differences between the Company's rate groups to continue the approved progress toward uniform consolidated rates for water and sewer [service] in accordance with the Commission's policy of gradualism in adjustment of rates.

Additionally, Aqua Virginia seeks authorization to implement a water and wastewater infrastructure service charge ("WWISC"). The Company asserts it has made substantial investments in water and wastewater infrastructure in the Commonwealth, including significant efforts to replace mains and other aging infrastructure that have reached the end of their useful lives. The Company explains that to achieve its goal of a 100-year replacement rate on aging infrastructure, it will be required to request even larger and more frequent base rate increases. The Company requests the WWISC to plan for and recover capital investments on a timely basis. Aqua Virginia asserts that the WWISC would ensure that the Commission continues to exercise the same or a greater level of review of such investments and their incorporation into rates, but through a streamlined and focused process, leading to smaller and more gradual increases in rates. The Company asks that the Commission approve the proposed WWISC to be effective February 1, 2019, following the close of the rate year used in this Application. Aqua Virginia asserts that no investments that are incorporated into the Company's proposed base rate increase in this proceeding would be included in the proposed WWISC.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission has suspended Aqua Virginia's proposed rates, charges, and terms and conditions of service, pursuant to § 56-238 of the Code. The Company may, but is not obligated to, implement proposed rates, charges, and terms and conditions for service rendered on and after February 10, 2018, on an interim basis, subject to refund with interest.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing to commence at 10 a.m. on April 24, 2018, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from members of the public and evidence related to the Application. Any person desiring to make a statement at the public hearing need only appear in the Commission's Second Floor Courtroom prior to 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

Copies of the Application and the Commission's Order for Notice and Hearing may be obtained by submitting a written request to counsel for the Company, John K. Byrum, Jr., Esquire, Woods Rogers PLC, Riverfront Plaza, West Tower, 901 East Byrd Street, Suite 1550, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any interested person may participate as a respondent in this proceeding by filing, on or before January 16, 2018, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUR-2017-00082.

On or before February 13, 2018, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00082.

On or before April 17, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth above. On or before April 17, 2018, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUR-2017-00082.

The Commission's Rules of Practice may be viewed at: <http://www.scc.virginia.gov/case>. A printed copy of the Rules of Practice may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

AQUA VIRGINIA, INC.

(8) On or before October 10, 2017, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(9) On or before October 24, 2017, the Company shall file proof of the notice and service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(10) On or before April 17, 2018, any interested person may file with the Clerk of the Commission, at the address set forth in Ordering Paragraph (8), written comments on the Application. On or before April 17, 2018, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUR-2017-00082.

(11) Any interested person may participate as a respondent in this proceeding by filing, on or before January 16, 2018, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel for the Company at the address set out in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. Interested persons shall refer in all of their filed papers to Case No. PUR-2017-00082.

(12) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon such respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(13) On or before February 13, 2018, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. Each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00082.

(14) The Staff shall investigate the Application. On or before March 13, 2018, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy on counsel to the Company and all respondents. Each Staff witness's testimony shall include a summary not to exceed one page.

(15) On or before April 3, 2018, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff and simultaneously shall serve a copy on the Staff and all respondents. Each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(16) The Commission's Rule of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-240 *et seq.*

(17) This matter is continued generally.

**CASE NO. PUR-2017-00084  
SEPTEMBER 1, 2017**

JOINT PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
THE HARRISONBURG ELECTRIC COMMISSION

For authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On June 9, 2017, Virginia Electric and Power Company ("DEV" or "Company") and the Harrisonburg Electric Commission ("HEC")<sup>1</sup> (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> requesting authority to transfer ("Proposed Transfer") from HEC to DEV certain transmission assets associated with the East Market Street 230 kilovolt ("kV") Delivery Point ("Delivery Point Assets") located directly below the Company's existing Endless Caverns – Harrisonburg 230 kV Line #2017 in Harrisonburg, Virginia. Upon completion of the Proposed Transfer, DEV will utilize the Delivery Point Assets to provide transmission service.

The Petition recites that, pursuant to the Facilities Purchase Agreement, the purchase price of the Delivery Point Assets will be the net book value ("NBV") at the date of closing. The Petitioners state that, although the Delivery Point Assets are compliant with NERC standards, upon closing of the Proposed Transfer, the Company intends to conduct maintenance in order to ensure that the Delivery Point Assets are owned and operated consistent with the Company's current electrical standards. DEV proposes to record the acquired Delivery Point Assets at NBV as of the date of the acquisition.

The Petition states that the Delivery Point Assets include two existing 230 kV single circuit spans of conductor, insulators, attachments, and structures, which are approximately 200 feet in length and located entirely within DEV's existing right-of-way. The Delivery Point Assets currently tap into DEV's existing Endless Caverns – Harrisonburg 230 kV Line #2017.<sup>3</sup>

The Petitioners further represent that the Proposed Transfer will not impair or jeopardize the Company's provision of adequate service to the public at just and reasonable rates.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through its action brief, is of the opinion and finds that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the Petition, that the above Proposed Transfer should be approved under Chapter 5 of Title 56 of the Code, and that DEV should be permitted to operate the Delivery Point Assets to provide transmission service.

<sup>1</sup> HEC is an independent chartered Commission of the City of Harrisonburg that operates an electric utility and provides electric services.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> See *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.*, Case No. PUE-2012-00095, 2012 S.C.C. Ann. Rept. 499, Final Order (Dec. 21, 2012).



Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission in its Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date of the transfer and the NBV of the Delivery Point Assets and shall include an updated facilities map.
- (3) This matter is dismissed.

**CASE NO. PUR-2017-00085  
JULY 24, 2017**

APPLICATION OF  
DIRECT ENERGY BUSINESS, LLC

For a license to conduct business as an electricity competitive service provider

**ORDER GRANTING LICENSE**

On June 9, 2017, Direct Energy Business, LLC ("Direct Energy Business" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an electricity competitive service provider ("Application") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). In its Application, the Company seeks authority to serve commercial, governmental, and industrial customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and Appalachian Power Company.<sup>1</sup> Direct Energy Business attested that it would abide by all applicable regulations of the Commission as required by the Retail Access Rules.

On June 20, 2017, the Commission issued an Order for Notice and Comment, which, among other things: docketed the case; required Direct Energy Business to serve a copy of the Order for Notice and Comment upon appropriate persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On June 21, 2017, Direct Energy Business filed proof of service. On July 11, 2017, Dominion filed a notice of participation and comments. On July 13, 2017 Direct Energy Business filed a response to Dominion's comments.

On July 14, 2017, Staff filed its Staff Report, which summarized Direct Energy Business's Application and evaluated its financial and technical fitness. Staff concluded that Direct Energy Business appears to have the financial and technical fitness to conduct business as a competitive service provider of electric service. The Staff recommended that the Commission grant Direct Energy Business a license to conduct business as a competitive service provider of electric service to commercial, governmental, and industrial customers in the service territories of Dominion and Appalachian Power Company.

No response to the Staff Report was filed.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Direct Energy Business's Application for a license to conduct business as an electricity competitive service provider to commercial, governmental, and industrial customers in the service territories of Dominion and Appalachian Power Company should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Direct Energy Business is hereby granted License No. E-38 to conduct business as a competitive service provider of electric service to commercial, governmental, and industrial customers in the service territories of Dominion and Appalachian Power Company. This is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

<sup>1</sup> Retail choice exists only in the service territories of Dominion, Appalachian Power Company, and the electric cooperatives. Retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia.

**CASE NO. PUR-2017-00087  
OCTOBER 19, 2017**

APPLICATION OF  
GREENCROWN ENERGY, LLC

For a license to conduct business as an aggregator of natural gas and electricity

**ORDER GRANTING LICENSE**

On June 13, 2017, GREENCROWN Energy, LLC ("Greencrown" or "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") seeking to conduct business as an aggregator for electricity and natural gas throughout the Commonwealth of Virginia. On August 1, 2017, the Company filed supplemental information for consideration with its Application. Greencrown attested in the Application that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services.<sup>1</sup>

On August 11, 2017, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, established a procedural schedule; provided an opportunity for interested persons to comment on the Application; directed the Staff of the Commission ("Staff") to file a Staff Report on or before September 8, 2017; and permitted any response to the Staff Report to be filed on or before September 15, 2017.

On August 25, 2017, Greencrown filed proof of service.<sup>2</sup> On September 1, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia filed a Notice of Participation and comments in this proceeding. On September 7, 2017, the Staff filed a motion for an extension of time to file its report and to amend the procedural schedule in the case. On September 7, 2017, the Commission's Order Granting Extension changed the filing date of the Staff Report to September 22, 2017, and the date for any comments to the Staff Report to September 29, 2017. No comments to the Staff Report were filed.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Greencrown meets the requirements for a license to conduct business as an electricity and natural gas aggregator and that such license should be granted upon proof of an acceptable means of financial security in the amount of \$25,000 in a form prescribed by the Staff, and subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Greencrown hereby is granted License No. A-56 to conduct business as an electricity and natural gas aggregator for commercial and industrial customers throughout the Commonwealth of Virginia, subject to Greencrown providing the required financial security of \$25,000 in the form prescribed by the Staff. This license is granted subject to the provisions of the Retail Access Rules, this Order Granting License, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

<sup>1</sup> 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").

<sup>2</sup> The Commission notes that Greencrown was ordered to provide proof of service by August 23, 2017, but accepts the late filing by the Company.

**CASE NO. PUR-2017-00088  
JULY 10, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For authority to issue securities

**ORDER GRANTING AUTHORITY**

On June 15, 2017, Washington Gas Light Company ("WGL" or "Company") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia ("Code") for authority to issue short-term debt, long-term debt and/or preferred securities, and to enter into hedging transactions. WGL has paid the requisite fee of \$250.

The Company requests authority to issue up to \$400 million in long-term securities in any combination of preferred stock, bonds, notes and other long-term debt instruments ("Long-Term Securities") and up to \$450 million in short-term debt ("Short-Term Securities") from October 1, 2017, through December 31, 2019. The amount of short-term indebtedness requested is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code. In addition, the Company requests authority to enter into one or more interest rate hedging transactions in association with the issuance of new Long-Term Securities requested herein.

<sup>1</sup> Code § 56-55 *et seq.*

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WGL states that the proceeds from the issuance of any Long-Term Securities will be used to refund maturing long-term debt and for general corporate purposes such as the funding of capital expenditures, acquisition of property, working capital requirements and the retirement of short-term debt. Proceeds from the Short-Term Securities will be used to fund the Company's temporary and seasonal cash needs and to maintain financing flexibility.

The Long-Term Securities will be issued in one or more public offerings or may be issued in one or more private placements depending on market conditions at the time of issuance. The maturity date on any Long-Term Securities will not be less than one year. The effective cost is not expected to be more than 600 basis points above the most comparable maturity U.S. Treasury Security, excluding underwriters' compensation and other expenses.

The Short-Term Securities will be issued in the form of notes to financial institutions and/or commercial paper and will have maturities of less than one year. The proposed Short-Term Securities are supported by a revolving credit agreement for up to \$400 million with a syndicate of financial institutions and which is set to expire December 19, 2019, but has extension options. There will be no underwriting charges or finder's fees associated with the issuance of the notes and commercial paper. However, WGL will pay fees on the associated revolving credit agreement and will also pay commissions on the sale of commercial paper.

WGL only will enter into interest rate hedging transactions in conjunction with the issuance of Long-Term Securities. According to the Company, these transactions will be used for the purpose of reducing uncertainty and controlling the cost of long-term debt. A hedging transaction could take the form of a forward starting swap, a treasury lock hedge, or other financial instruments, and the structure of each transaction will have the following characteristics: (1) the transaction will be initiated before the issuance of any long-term debt; (2) the amount of the hedging transaction will be comparable to the amount of the long-term debt; (3) the term of the hedging transaction, as amended, will not exceed twelve months; and (4) the hedging transaction would only be initiated during the effective period of the Commission's Order authorizing the issuance of long-term debt.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) WGL is authorized to issue up to \$400 million in Long-Term Securities, during the period October 1, 2017, through December 31, 2019, under the terms and conditions and for the purposes stated in its application.

(2) WGL is hereby authorized to issue short-term indebtedness in excess of 12% of total capitalization, provided that such indebtedness does not exceed \$450 million, during the period October 1, 2017, through December 31, 2019, under the terms and conditions and for the purposes stated in the application.

(3) WGL is hereby authorized to enter into interest rate hedging agreements, during the period October 1, 2017, through December 31, 2019, under the terms and conditions and for the purposes stated in the application.

(4) WGL shall file reports of action with the Clerk of the Commission within ten days of the execution of any new line of credit or revolving credit agreement during the period of authority, to include the terms, conditions, and fees associated with such agreements.

(5) WGL shall file a report of action on or before January 31, 2019, and January 31, 2020, concerning WGL's daily short-term debt activity for the preceding 15 months ended December 31, 2018, and the preceding 12 months ended December 31, 2019, respectively. Such reports shall include the type, amount, issuance date, maturity, and interest rate on each form of borrowing, the average daily balance and maximum outstanding balance for each month, and any commissions or bank line of credit fees paid in connection with the short-term borrowings.

(6) WGL shall file a preliminary report of action within ten days after it enters into any anticipatory interest rate hedge transaction associated with the planned issuance of Long-Term Securities pursuant to this Order. Such report shall include the type of hedge, the term of the hedge transaction, the notional amount of the hedge, and the anticipated Long-Term Security to be associated with the hedge.

(7) WGL shall file a preliminary report of action within ten days after the issuance of any Long-Term Securities pursuant to this Order to include the type of security, the date of issuance, the amount of issuance, the applicable interest rate or dividend rate, the maturity date, and net proceeds to WGL.

(8) Within 60 days of the end of any calendar quarter ending on or before September 30, 2019, WGL shall file a more detailed report of action to include the information required in Ordering Paragraph (7) for any Long-Term Securities issued during such period, as well as an itemized list of actual expenses to date associated with the issuance(s), a comparison of the effective rate of securities issued and any refinanced securities, use of proceeds, and an detailed description of the closing of any hedging activity (gains or losses) associated with the issuance.

(9) On or before March 1, 2020, WGL shall file a final report of action to include all information required in Ordering Paragraph (8), which incorporates then-current actual expenses and fees paid for the proposed securities issuances.

(10) The authority granted herein shall have no implications for ratemaking purposes.

(11) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

**CASE NO. PUR-2017-00089  
AUGUST 7, 2017**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur long-term indebtedness

**ORDER GRANTING AUTHORITY**

On June 16, 2017, Rappahannock Electric Cooperative ("Rappahannock" filed an application with the State Corporation Commission ("Commission") under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia ("Code") for authority to incur long-term debt. Rappahannock has paid the requisite fee of \$25.

Rappahannock is seeking authority to incur up to \$55,500,000 in debt ("Note") with the Rural Utilities Service ("RUS") under a Federal Financing Bank ("FFB") loan guarantee program. Rappahannock will use the proceeds for reimbursement of work completed during the period April 2015 through March 2017. The interest rate on the Note will be the FFB market rate available at the time of each respective drawdown for the interest rate term selected by Rappahannock. All borrowings under the Note will be due 35 years from the date of the Note; however, Rappahannock may draw incremental borrowings against the Note over a four-year period that begins from the date of the Note.

NOW THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Rappahannock is authorized to borrow up to \$55,500,000 million under the Note with RUS, all in the manner, under the terms and conditions, and for the purposes set forth in the application.
- (2) Within thirty (30) days of the date of any advance of funds under the Note, Rappahannock shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

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<sup>1</sup> Code § 56-55 *et seq.*

**CASE NO. PUR-2017-00089  
AUGUST 21, 2017**

APPLICATION OF  
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur long-term indebtedness

**ORDER NUNC PRO TUNC**

On June 16, 2017, Rappahannock Electric Cooperative ("Rappahannock") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia<sup>1</sup> seeking authority to incur long-term debt. The Application's transmittal letter stated that Rappahannock was seeking authority to incur up to \$55,500,000 in debt with the Rural Utilities Service ("RUS") under a Federal Financing Bank loan guarantee program. The Application's financing summary, however, stated that Rappahannock was seeking authority to incur up to \$55,550,000 in debt with RUS.

On August 7, 2017, the Commission entered an Order authorizing Rappahannock to incur up to \$55,500,000 in debt with RUS ("August 7, 2017 Order"). Thereafter, Rappahannock notified the Staff of the Commission ("Staff") that the \$50,000 typographical error in its Application's transmittal letter had been replicated in the Staff's Action Brief and the Commission's August 7, 2017 Order. Accordingly, Rappahannock requested that the Commission correct its approval herein to authorize an incurrence of debt with RUS of up to \$55,550,000.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the August 7, 2017 Order herein should be corrected *nunc pro tunc* to authorize Rappahannock to incur debt with RUS of up to \$55,550,000.

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<sup>1</sup> Code § 56-55 *et seq.*

Accordingly, IT IS ORDERED THAT:

- (1) Ordering Paragraph (1) of the Commission's August 7, 2017 Order hereby is corrected *nunc pro tunc* to state the following: Rappahannock is authorized to borrow up to Fifty-five Million Five Hundred Fifty Thousand Dollars (\$55,550,000) under the Note with RUS, all in the manner, under the terms and conditions, and for the purposes set forth in the Application.
- (2) In all other respects, such Order remains unaltered and in full force and effect.
- (3) This matter hereby is dismissed.

**CASE NO. PUR-2017-00090  
DECEMBER 18, 2017**

JOINT PETITION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
CUSHAW HYDRO LLC

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*, and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

**FINAL ORDER**

On June 30, 2017, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and Cushaw Hydro LLC ("Cushaw Hydro") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,<sup>1</sup> seeking approval for the disposition by Dominion and the acquisition by Cushaw Hydro of the Cushaw Hydro Power Station, including associated interconnection facilities and real estate, located in Virginia ("Hydro Facility") ("Proposed Transfer"). Cushaw Hydro also requested that the Commission issue a certificate of public convenience and necessity ("Certificate") pursuant to the Utility Facilities Act<sup>2</sup> authorizing its acquisition and operation of the Hydro Facility.

According to the Petition, Dominion proposes to sell to Cushaw Hydro the Hydro Facility, which includes an approximately 1,550-foot long and 27-foot high reinforced concrete dam, an adjacent power house facility containing five generating units with a total installed capacity of 7.5 megawatts, and an associated substation located in Amherst and Bedford Counties, Virginia.<sup>3</sup>

The Petitioners represent that in recent years, the Hydro Facility has had inconsistent generation output due to the age of the facility and environmental factors.<sup>4</sup> In addition, Dominion remotely operates the Hydro Facility from the Bath County Pumped Storage Station, which, according to the Petition, poses certain operational challenges.<sup>5</sup> The Petitioners state that Dominion would need to undertake major capital repairs in the near-term to support the Hydro Facility's continued operation and that the sale of the Hydro Facility is beneficial to customers because less costly replacement energy options are available.<sup>6</sup>

The Petitioners represent that Cushaw Hydro intends to refurbish the station, once it becomes the owner of the Hydro Facility, and to sell its entire output exclusively to wholesale customers or to Dominion under a Power Purchase Agreement.<sup>7</sup> Accordingly, the Petitioners assert that under Cushaw Hydro's control, the Hydro Facility "will continue to be a source of renewable energy in the Commonwealth that is generated in a safe and reliable manner."<sup>8</sup>

The Petitioners further state that the proposed Transfer "will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates" because Dominion's customers "will continue[] to be served by other assets in the Company's generation portfolio."<sup>9</sup>

<sup>1</sup> Virginia Code ("Code") § 56-88 *et seq.*

<sup>2</sup> Code § 56-265.1 *et seq.*

<sup>3</sup> Petition at 3.

<sup>4</sup> *Id.* at 4.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 5.

The Petitioners represent that the net proceeds from the sale of the Hydro Facility will serve to reduce Dominion's rate base.<sup>10</sup> The Petitioners also state that the "costs of operating and maintaining the Hydro Facility will not be included in the base rates of any utility whose rates are regulated by the Commission."<sup>11</sup>

The Petitioners assert that the Proposed Transfer satisfies the requirements of the Utility Facilities Act as it: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in Virginia; (ii) will have no material adverse effect upon the reliability of electric service provided by any such regulated public utility; and (iii) is not otherwise contrary to the public interest.<sup>12</sup> The Petitioners further represent that "Cushaw Hydro's acquisition and operation of the Hydro Facility will continue to minimize adverse environmental impact, as provided in Va. Code § 56-46.1."<sup>13</sup>

Lastly, Cushaw Hydro requests clarification that, should the Proposed Transfer be approved, Cushaw Hydro, "as solely a wholesale power supplier seeking a [Certificate] to operate the Hydro Facility,"<sup>14</sup> will be exempt from the regulatory and ratemaking requirements of Chapter 10 of Title 56 of the Code.<sup>15</sup>

On July 24, 2017, the Commission entered an Order for Notice and Comment, which, among other things, provided interested persons an opportunity to file comments or request a hearing on the Petition; directed the Staff of the Commission ("Staff") to investigate the Petition and to file a report ("Staff Report") containing its findings and recommendations; and provided an opportunity for the Petitioners to file a response to the Staff Report. No comments or requests for hearing were filed in this proceeding.

On November 3, 2017, the Staff Report was filed in both public and confidential versions.<sup>16</sup> Staff recommended that the Commission approve the Proposed Transfer subject to certain requirements, as it appears the Proposed Transfer will not impair or jeopardize adequate service to the public at just and reasonable rates.<sup>17</sup> In addition, Staff recommended approval of the issuance of a Certificate to Cushaw Hydro to operate the Hydro Facility as a wholesale supplier, as it appears the Proposed Transfer: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in Virginia; (ii) will have no material adverse effect upon the reliability of electric service provided by any such regulated public utility; and (iii) is not otherwise contrary to the public interest.<sup>18</sup> Finally, Staff stated that, on advice of counsel, it believes that Cushaw Hydro's operation of the Hydro Facility appears to satisfy the statutory requirements for exemption from the regulatory and ratemaking requirements of Chapter 10 of Title 56 of the Code.<sup>19</sup>

On November 16, 2017, the Petitioners filed a letter notifying the Commission that they would not be filing a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Proposed Transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted subject to the requirements recommended in the Appendix to the Staff Report. We further find that Cushaw Hydro should be issued a Certificate to acquire and operate the Hydro Facility. We find that the issuance of such a Certificate: (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth of Virginia; (ii) will have no material adverse effect upon the reliability of electric service provided by such regulated public utility; and (iii) is not otherwise contrary to the public interest. Once Cushaw Hydro files the appropriate United States Geological Survey ("USGS") maps with the Division of Public Utility Regulation ("Division"), the Certificate authorized herein should be issued to Cushaw Hydro. Finally, if Cushaw Hydro sells the Hydro Facility's entire output exclusively to wholesale customers or to Dominion under a Power Purchase Agreement, it will satisfy the statutory requirements for exemption from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code.<sup>20</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein subject to the requirements set forth in the Appendix to this Final Order.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 5-6.

<sup>13</sup> *Id.* at 6.

<sup>14</sup> *Id.*

<sup>15</sup> Code § 56-232 *et seq.* The Petitioners state that this request is similar to the waiver granted by the Commission in Case No. PUE-2016-00120. *See Joint Petition of Appalachian Power Company and Eagle Creek Reusens Hydro, LLC, For approval of the transfer of generating facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 et seq., Case No. PUE-2016-00120, Doc. Con. Cen. No. 170210022, Final Order (Feb. 1, 2017).*

<sup>16</sup> Pursuant to the July 24, 2017 Order for Notice and Comment, the Staff Report was originally due on or before October 6, 2017. On September 27, 2017, Staff filed a Motion for Modification of Procedural Schedule requesting additional time, until November 3, 2017, to file the Staff Report, and that a similar extension, until November 17, 2017, be given to the Petitioners to file any response to the Staff Report. The Commission entered the Order Granting Extension on October 2, 2017.

<sup>17</sup> Staff Report at 7-8.

<sup>18</sup> *Id.* at 8.

<sup>19</sup> *Id.*

<sup>20</sup> The Commission does not grant any other requested exemption under Title 56 of the Code.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) The Commission hereby grants Cushaw Hydro a Certificate for the Hydro Facility pursuant to the Utility Facilities Act.
- (3) Upon Cushaw Hydro's filing of the appropriate USGS topographical maps detailing the location of the Hydro Facility with the Division, the Division shall issue Certificate No. EG-214 to Cushaw Hydro to acquire and operate the Hydro Facility.
- (4) Cushaw Hydro's sale of the Hydro Facility's entire output exclusively to wholesale customers or to Dominion under a Power Purchase Agreement shall be exempt from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code.
- (5) This case is dismissed.

## APPENDIX

- (1) The Commission's Utility Transfers Act approval shall have no accounting or ratemaking implications. In particular, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues or costs directly or indirectly related to the Transfer.
- (2) Dominion shall record the result of the Transfer in the period it occurs; the Hydro Facility net plant shall be removed from Dominion's books, and the reduction in Virginia jurisdictional rate base shall be reflected in any relevant rate proceedings.
- (3) Within sixty (60) days of completing the Transfer, Dominion shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Transfer; (2) an executed copy of the Asset Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on Dominion's books to record the Transfer; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Transfer. The Transfer accounting entries shall be in accordance with the Uniform System of Accounts ("USOA") for electric utilities.
- (4) Dominion shall retain a copy of all Transfer records utilized at closing, including any source documentation supporting the original cost of the Hydro Facility, and henceforth shall maintain them in accordance with the USOA.

**CASE NO. PUR-2017-00091  
AUGUST 16, 2017**

JOINT PETITION OF  
GTT COMMUNICATIONS, INC., GTT AMERICAS, LLC,  
PIVOTAL GLOBAL CAPACITY, LLC, and GC PIVOTAL, LLC

For approval of a transfer of control pursuant to Va. Code § 56-88 *et seq*

**ORDER GRANTING APPROVAL**

On June 29, 2017, GTT Communications, Inc. ("GTT Parent"), GTT Americas, LLC ("GTTA"), Pivotal Global Capacity, LLC ("GC Parent"),<sup>1</sup> and GC Pivotal, LLC ("Global Capacity") (collectively, "Petitioners"),<sup>2</sup> filed a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>3</sup> requesting approval of a transfer of control of Global Capacity to GTTA ("Proposed Transfer"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, Petitioners filed a motion for protective order ("Motion") to prevent disclosure of confidential information contained in the Petition.

Global Capacity is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>4</sup> On June 23, 2017, the Petitioners entered into a Membership Interest Purchase Agreement whereby GTTA will acquire all of the outstanding equity interest in Global Capacity from GC Parent. As a result, Global Capacity will be a direct wholly owned subsidiary of GTTA, and an indirect wholly owned subsidiary of GTT Parent.

The Petitioners state that after the consummation of the Proposed Transfer, Global Capacity will continue to have the financial, managerial, and technical resources necessary to provide intrastate telecommunications services under ownership and control of GTT. Further, the Petitioners state that Global Capacity will continue to provide service to its existing customers at the same rates, terms, and conditions of service as are currently in effect. In support of the Petition, the Petitioners provided the biographies of GTT's key management and financial statements for both GTT Parent and Global Capacity. Petitioners also assert that GTT will utilize the experience of current Global Capacity management and employees to support the continued provision of services.

<sup>1</sup> GTT Parent and GTTA are referred to collectively as "GTT".

<sup>2</sup> FFN Investments, LLC, Najafi 2006 Irrevocable Trust, and F. Francis Najafi Family Trust also are considered Petitioners and have provided the statutorily required verifications.

<sup>3</sup> Code § 56-88 *et seq.*

<sup>4</sup> See *Application of GC Pivotal, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2011-00029, 2011 S.C.C. Ann. Rept. 255, Final Order (May 16, 2011).

NOW THE COMMISSION, upon consideration of the matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved. The Commission also finds that Petitioners' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.

(2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.

(3) Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

<sup>5</sup> The Commission held Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00092  
SEPTEMBER 28, 2017**

APPLICATION OF  
ROANOKE GAS COMPANY

For approval to implement a 2018 SAVE Projected Factor Rate and True-up Factor Rate

**ORDER**

On June 30, 2017, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval to implement a 2018 SAVE Projected Factor Rate and True-up Rate pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy Plan (SAVE) Act. The Company filed this Application in accordance with the Commission's August 29, 2012 Order Approving SAVE Plan and Rider ("2012 SAVE Order") in Case No. PUE-2012-00030,<sup>1</sup> as modified in Case Nos. PUE-2013-00091, PUE-2014-00067, PUE-2015-00076, and PUE-2016-00073.<sup>2</sup> The Company states that the 2018 projects were approved in the 2012 SAVE Order or in subsequent amendments to the Company's SAVE Plan.<sup>3</sup>

The Company's total proposed SAVE Plan investment for calendar year 2018 is approximately \$7,877,000.<sup>4</sup> Based on the proposed SAVE investment for calendar year 2018, Roanoke Gas requests a Projected Factor revenue requirement of \$5,070,580,<sup>5</sup> effective January 1, 2018.

The Company also submitted a summary of the results of the 2016 actual investment and revenue for the SAVE qualifying projects completed for the period of January 1, 2016, through December 31, 2016. The Company computed a True-Up Factor revenue requirement of \$14,419 to reconcile the difference in the revenues collected through the 2016 SAVE Rider and the actual costs of implementing the 2016 SAVE projects pursuant to § 56-604 E of the Code.<sup>6</sup> The Company's total proposed 2018 SAVE Rider revenue requirement is \$5,084,998.<sup>7</sup> The Company's 2018 SAVE Rider proposed monthly rates by rate schedule are as follows: Residential, \$6.22; General Service One, \$5.05; General Service Two, \$27.53; Interruptible Sales Service, \$345.83; Interruptible Transportation Service, \$744.62; and Industrial Firm Transportation, \$1,602.76.<sup>8</sup>

<sup>1</sup> *Application of Roanoke Gas Company, For approval of a SAVE Plan and Rider pursuant to Virginia Code § 56-603 et seq.*, Case No. PUE-2012-00030, Doc. Con. Cen. No. 120830275, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

<sup>2</sup> *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2013-00091, 2013 S.C.C. Ann. Rept. 447, Order Approving Amended SAVE Plan and Rider (Dec. 9, 2013); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2014-00067, 2014 S.C.C. Ann. Rept. 464, Final Order (Sept. 26, 2014); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2015-00076, 2015 S.C.C. Ann. Rept. 361, Order Approving Amended SAVE Plan and Rider (Sept. 25, 2015); and *Application of Roanoke Gas Company, For a modification of its SAVE Plan and Rider*, Case No. PUE-2016-00073, 2016 S.C.C. Ann. Rept. 435, Order Approving Amended SAVE Plan and Rider (Oct. 18, 2016).

<sup>3</sup> *See id.*

<sup>4</sup> Application at 2.

<sup>5</sup> *Id.*; Application Schedule 10.

<sup>6</sup> Application Schedule 2.

<sup>7</sup> Application Schedule 1.

<sup>8</sup> Application Schedule 15.



On July 25, 2017, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, established a procedural schedule requiring the Company to provide notice of the Application; provided interested persons the opportunity to request a hearing or file comments on the Application; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report") on its findings and recommendations. No requests for hearing or comments were filed.

The Staff filed its Staff Report on September 5, 2017, wherein Staff recommended a total 2018 SAVE Rider revenue requirement of \$5,080,578, which is \$4,420 less than the amount requested by the Company.<sup>9</sup> Staff recommended the exclusion of 2016 SAVE capital investment that exceeds the annual spending limit authorized by the Commission, or \$6,860, along with associated amounts from future SAVE proceedings.<sup>10</sup> Staff also recommended that the Commission direct the Company to file an updated weighted-average cost of capital to be used in future SAVE proceedings.<sup>11</sup> Staff noted that there have been no significant changes associated with this proceeding that would necessitate a change in the rate design methodology used to develop the proposed SAVE Rider rates.<sup>12</sup>

Subsequently, Roanoke Gas, filed its Response to the Staff Report, wherein it noted Staff used an uncollectible percentage calculated using only 2016 data, which differs from the methodology used in all the Company's previous SAVE cases. The Company further noted that Staff reduced the Company's eligible SAVE investments by the amount of SAVE capital investment that exceeds the annual spending limit authorized by the Commission in the amount of \$6,860. The Company stated that it does not directly oppose these recommendations. However, the Company respectfully disagreed with Staff's recommendation that the Commission should order the Company to file an updated weighted cost of capital in its next SAVE update.<sup>13</sup>

NOW THE COMMISSION, having considered the Company's Application and applicable law, is of the opinion and finds that the Company's 2018 SAVE Projected Factor Rate and True-up Factor Rate should be approved. We approve Staff's recommended revenue requirement of \$5,080,578. At this time, the Commission will not require the Company to file an updated weighted-average cost of capital with its next SAVE Rider application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2018 SAVE Rider is approved, subject to the requirements set forth in this Order. Rates consistent with this Order shall become effective beginning January 1, 2018, and remain in effect until December 31, 2018.

(2) Roanoke Gas forthwith shall file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2018 SAVE Rider, with work papers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) This case hereby is dismissed.

<sup>9</sup> Staff Report at 10.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 11.

<sup>12</sup> *Id.*

<sup>13</sup> Response at 5.

**CASE NO. PUR-2017-00093  
JULY 25, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.,  
and  
AGL SERVICES COMPANY

For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING INTERIM AUTHORITY**

On July 6, 2017, Virginia Natural Gas, Inc. ("VNG") and AGL Services Company ("AGSC") (collectively, "Movants") filed with the State Corporation Commission ("Commission") a "Motion of Virginia Natural Gas, Inc. and AGL Services Company for Interim Authority to Operate Under the Third Revised Services Agreement, and for Expedited Consideration" ("Motion") requesting that the Commission grant interim authority, on an expedited basis, to operate under the proposed third revised services agreement ("Third Revised Services Agreement"), the application for approval of which was filed concurrently with the Motion ("Application").<sup>1</sup> The Movants seek interim authority to operate under the proposed Third Revised Services Agreement until such time as the Commission has an opportunity to act on the Application.<sup>2</sup>

<sup>1</sup> The Application was filed pursuant to Chapter 4 of Title 56 of the Code of Virginia, § 56-76 *et seq.* ("Affiliates Act"), and Requirement (6) in the Appendix to the Order Granting Approval issued by the Commission in Case No. PUE-2015-00079. See *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amendment to a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00079, 2015 S.C.C. Ann. Rept. 363, Order Granting Approval (Oct. 9, 2015).

<sup>2</sup> Motion at 1.

In support of the Motion, the Movants state that, through the Application, they are seeking approval of one modification to the currently operative services agreement ("Current Agreement") under which AGSC provides administrative, management, and other centralized shared services ("Centralized Services") to VNG.<sup>3</sup> Specifically, the Movants seek approval to revise the Current Agreement to authorize Global Energy Resource Insurance Corporation ("GERIC")<sup>4</sup> and the Captive Insurance Affiliates,<sup>5</sup> all of which are unregulated affiliates of VNG, to assist in the provision of services defined in the Legal Services and Risk Management category of Centralized Services to VNG through AGSC.<sup>6</sup>

In its Application, VNG is requesting authority to receive insurance services from GERIC and the Captive Insurance Affiliates, through AGSC, in the Legal Services and Risk Management category of Centralized Services immediately upon Commission approval of the proposed Third Revised Services Agreement.<sup>7</sup> The Movants state that GERIC has been providing services to AGLR (now GAS) and its subsidiaries, including VNG through AGSC, upon AGLR receiving approval from the Securities and Exchange Commission to organize a subsidiary (GERIC) to underwrite a certain portion of the insurance purchased by then-AGLR and its subsidiaries, which risks it would then transfer to a third-party reinsurance company.<sup>8</sup> The Movants further state that Commission Staff ("Staff") raised questions in the Company's pending base rate case<sup>9</sup> regarding whether VNG had received Commission approval for the insurance-related arrangements with GERIC.<sup>10</sup> Subsequent to the discussions with Staff, the Movants filed the Application and the Motion. The Movants request that, while the Application is pending, the Commission grant interim authority to authorize GERIC and the Captive Insurance Affiliates to provide the insurance services defined in the Legal Services and Risk Management category of Centralized Services to VNG through AGSC in order to maintain the continuity of insurance risk services.<sup>11</sup>

The Movants assert that this proposed modification to the Current Agreement is in the public interest and will allow for AGSC's utilization of the expertise of GERIC and the Captive Insurance Affiliates as it pertains to services in the Legal Services and Risk Management category and will facilitate proper allocation or assignment of costs, as appropriate.<sup>12</sup> To the extent efficiencies result from this arrangement, the Movants assert that those efficiencies will accrue to the benefit of VNG and its customers.<sup>13</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed and that the Motion should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2017-00093.
- (2) The Motion hereby is granted.
- (3) This matter is continued.

<sup>3</sup> *Id.* at 2.

<sup>4</sup> GERIC, formed in 2001, is a Hawaii corporation and is a duly licensed captive insurance company in the State of Hawaii. As a captive insurance company, GERIC was organized to insure risks of AGL Resources Inc. ("AGLR," now known as Southern Company Gas ("GAS")) and its subsidiaries. GERIC is not licensed to do insurance business in or subject to the insurance laws of any jurisdiction other than the State of Hawaii. GERIC is a subsidiary of GAS. See Motion at 2, fn. 3.

<sup>5</sup> The term "Captive Insurance Affiliates" includes the following three GERIC affiliates: (1) DIST-CO Insurance Company, Inc. ("DIST-CO"); (2) Energy Risk Integrated Services Corporation ("ERISC"); and (3) Enterprise Risk Consultants Corporation ("ERCC"). DIST-CO, ERISC, and ERCC are direct and indirect subsidiaries of GAS. As subsidiaries of GAS, VNG, AGSC, GERIC, DIST-CO, ERISC, and ERCC are affiliates within the meaning of the Affiliates Act. See Motion at 2, fn. 4.

<sup>6</sup> Motion at 2.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 3.

<sup>9</sup> See generally *Application of Virginia Natural Gas, For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143.

<sup>10</sup> Motion at 3.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 3-4.

<sup>13</sup> *Id.* at 4.

**CASE NO. PUR-2017-00093  
AUGUST 30, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
AGL SERVICES COMPANY

For approval of a revised services Agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER**

On July 6, 2017, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> seeking approval of one modification to the currently operative services agreement ("Current Agreement")<sup>2</sup> under which AGSC provides administrative, management, and other centralized services ("Centralized Services") to VNG ("Third Revised Agreement").<sup>3</sup>

The Applicants state that the only proposed revision to the Current Agreement in the Third Revised Agreement is to allow Global Energy Resource Insurance Corporation ("GERIC")<sup>4</sup> and its affiliates ("Captive Insurance Affiliates")<sup>5</sup> to assist in the provision of services defined in the Legal Services and Risk Management category of the Centralized Services through AGSC to VNG.<sup>6</sup>

GERIC has three Captive Insurance Affiliates, which include DIST-CO, ERISC, and ERCC. DIST-CO, a subsidiary of GAS, is a risk retention group and has the ability to write liability insurance in all 50 states. The Applicants state that DIST-CO is not a party to any other insurance and/or reinsurance contract or agreement. GERIC currently provides reinsurance services to DIST-CO. ERISC, a subsidiary of GERIC and an indirect subsidiary of GAS, was formed to provide claims handling services on behalf of GERIC.<sup>7</sup> ERCC, a subsidiary of GAS, is an insurance agency set up to receive and process invoices for GERIC.

As stated in the Application and further discussed in responses to data requests, the Applicants state that ERISC and ERCC are currently inactive entities ("Dormant Affiliates") and that the Applicants are still evaluating the future use of the Dormant Affiliates. The Applicants also represent that under the current structure, GERIC and its Captive Insurance Affiliates are subsidiaries of GAS, and they have no plans to reorganize these entities to provide insurance services to any legacy subsidiaries of the Southern Company ("Southern").

NOW THE COMMISSION, upon consideration of this matter, having being advised by its Staff through its Action Brief, and having considered the Applicants' comments, is of the opinion and finds that the Applicants' request for approval of the Third Revised Agreement is in the public interest and should be approved as modified herein and subject to certain requirements listed in the Appendix attached to this Order.

Specifically, we find that GERIC's liability and property insurance charges through AGSC to VNG are at the lower of cost or market and, therefore, meet the pricing rules for Affiliate Act transactions. However, the Dormant Affiliates' lack of clear purpose and intended use does not meet the public interest requirements of the Affiliates Act; therefore, the Dormant Affiliates are excluded from the approval granted herein.

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<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> See *Application of Virginia Natural Gas, Inc. and AGL Services Company, For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00003, Doc. Con. Cen. No. 170310016, Order Granting Approval (Mar. 1, 2017).

<sup>3</sup> The Applicants state that in the course of reviewing VNG's base rate case pending before the Commission, the Commission Staff ("Staff") discovered AGSC's arrangement with certain insurance-related affiliates and raised concerns regarding whether the arrangement required Commission approval. Subsequent to the discussions with Staff, the Applicants filed the instant Application. See *Application of Virginia Natural Gas, Inc. For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, Doc. Con. Cen. No. 170340102, Application (Mar. 31, 2017).

<sup>4</sup> GERIC, formed in 2001, is a Hawaii corporation and is a duly licensed captive insurance company in the State of Hawaii. As a captive insurance company, GERIC was organized to insure risks of Southern Company Gas ("GAS") and its subsidiaries. GERIC is a direct subsidiary of GAS.

<sup>5</sup> The term Captive Insurance Affiliates includes the following three GERIC affiliates: (1) DIST-CO Insurance Company, Inc. ("DIST-CO"); (2) Energy Risk Integrated Services Corporation ("ERISC"); and (3) Enterprise Risk Consultants Corporation ("ERCC").

<sup>6</sup> The Applicants contemporaneously filed a motion seeking interim authority for GERIC and its Captive Insurance Affiliates to provide services to VNG, through AGSC. Subsequently, the Commission issued an Order Granting Interim Authority on July 25, 2017 in this docket. See Doc. Con. Cen. No. 170730033.

<sup>7</sup> GAS's claims handling group, which is a part of AGSC, currently provides claims handling services for GAS and its subsidiaries, including VNG.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Third Revised Agreement as modified herein, subject to certain limitations and requirements as set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

1. The Commission's approval in this case shall supplement its orders granting approval in Case Nos. PUE-2015-00079, PUE-2016-00055, PUE-2016-00121 and PUR-2017-0003.

2. The duration of the Commission's approval for the Third Revised Agreement shall be limited to October 9, 2020. Should the Applicants wish to continue or extend the Third Revised Agreement beyond that date, separate Commission approval shall be required.

3. The Commission's approval shall exclude ERISC and ERCC, the Dormant Affiliates, from providing service to VNG under the Third Revised Agreement. If the Applicants wish to employ ERISC and ERCC to provide service to VNG under the Third Revised Agreement in the future, separate Commission approval shall be required.

4. The premium charges for insurance coverage from GERIC through AGSC shall be allocated to VNG based on: (i) payroll percentage of each GAS subsidiary for liability insurance; and (ii) property value percentage for each GAS subsidiary for property insurance. Should the Applicants wish to change the allocation factor methodology, separate Commission approval shall be required.

5. Should the Applicants change GERIC's insurance allocation factor for VNG by reorganizing GERIC and DIST-CO to provide insurance services to Southern and its legacy subsidiaries in the future, separate Commission approval shall be required.

6. VNG's monthly premium charges from GERIC through AGSC shall not include a return on investment component or brokerage/administrative fees.

7. Separate Commission approval shall be required for any changes in the terms and conditions of the Third Revised Agreement.

8. The Commission's approval granted in this case shall not have any ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Third Revised Agreement.

9. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

10. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

11. VNG shall file with the Commission a signed and executed copy of the approved Third Revised Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

12. All transactions associated with the Third Revised Agreement shall be included in VNG's Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director.

13. In the event that VNG's Annual Informational Filings or expedited or rate case filings are not based on a calendar year, VNG shall include the affiliate information contained in its ARAT for the test period in such filings.

### **CASE NO. PUR-2017-00095 DECEMBER 13, 2017**

APPLICATION OF  
COLUMBIA GAS OF VIRGINIA, INC.

For approval to amend a SAVE Plan pursuant to Virginia Code § 56-604 and For approval to implement a 2018 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions

#### **ORDER APPROVING AMENDED SAVE PLAN AND SAVE RIDER FOR CALENDAR YEAR 2018**

On August 15, 2017, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application ("Application") for approval to amend Phase 2 of its SAVE Plan pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 ("SAVE Act") of the Code of Virginia ("Code"),<sup>1</sup> and for approval to implement a 2018 Infrastructure Reliability and Replacement Adjustment ("2018 SAVE Rider").

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<sup>1</sup> Code § 56-603 *et seq.*

In its Application, the Company requests approval to increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from \$150 million to \$173.8 million and to maintain the previously authorized 5% tolerance band.<sup>2</sup> According to the Company, its investments in the replacement of large-scale SAVE eligible projects limit the funds available for smaller projects, and the Company anticipates that it will exceed the current five-year cap of \$150 million if the Company maintains the current rate of SAVE investments.<sup>3</sup> CVA is not proposing to modify the operational aspects of its current SAVE Plan or the authorized categories of SAVE eligible infrastructure, nor is the Company proposing any other substantive changes to the terms and conditions of the SAVE Plan.<sup>4</sup>

According to the Company, spending for the larger scale projects, known as Lignum, Renan, DVA-6, and Gala, amounted to 45% of total SAVE investments in 2016, and will amount to more than two-thirds of projected 2017 and 2018 SAVE investments.<sup>5</sup> The Company attributes the cost increases for mainline and service line replacements to the implementation of enhanced safety practices that have arisen since the Company's Phase 2 SAVE Plan was approved in Case No. PUE-2015-00071, as well as new construction practices resulting from governmental regulations and compliance requirements.<sup>6</sup>

Section 56-604 A of the SAVE Act allows CVA to recover SAVE eligible infrastructure costs (as defined in Code § 56-603) through a SAVE Rider. Accordingly, CVA requests authority to implement a 2018 SAVE Rider, comprising a 2016 Infrastructure Replacement Reconciliation Rate ("2016 True-Up Factor") credit in the amount of \$1,263,556,<sup>7</sup> and a 2018 Infrastructure Replacement Current Rate ("2018 Projected Factor") revenue requirement in the amount of \$5,740,130,<sup>8</sup> resulting in a total 2018 SAVE Rider revenue requirement in the amount of \$4,476,574, to be billed as a combined fixed charge each month.<sup>9</sup> The Company requests that the 2018 SAVE Rider be effective with the first billing unit of January 2018 through the last billing unit of December 2018.<sup>10</sup> The Company's 2018 SAVE Rider proposed monthly rates by rate schedule are as follows: Residential Sales Service / Residential Transportation Service, \$1.14; Small General Service 1 / Small General Transportation Service 1, \$1.24; Small General Service 2 / Small General Transportation Service 2, \$3.30; Small General Service 3 / Small General Transportation Service 3, \$10.17; Large General Service 1 / Transportation Service 1, \$96.59; and Large General Service 2 / Transportation Service 2, \$463.14.<sup>11</sup>

On September 1, 2017, the Commission entered an Order for Notice and Comment, which, among other things, required CVA to provide public notice of its Application; provided interested persons an opportunity to file comments on the Application, file notices of participation, or request a hearing on the Application; directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") containing its findings and recommendations; and provided an opportunity for the Company to file a response to the Staff Report.

On October 6, 2017, the Board of Supervisors of Culpeper County, Virginia, filed a Notice of Participation.

Staff filed its Report on November 3, 2017. Staff from the Commission's Division of Utility and Railroad Safety reviewed the Company's Application and concluded that the materials included for replacement in the Company's Phase 2 SAVE Plan are consistent with the most recent version of the Company's Distribution Integrity Management Plan.<sup>12</sup> Staff did not take a position on whether the Company's request to increase the authorized cap on Phase 2 expenditures should be approved. Staff recommended, however, that in any future case in which the Company requests an amendment to or extension of its SAVE Plan, the Company should provide "a detailed and thorough cost-benefit analysis of the effectiveness of its SAVE Plan with respect to Code § 56-603 *et seq.*, based on actual Company data since the inception of its SAVE Plan[.]"<sup>13</sup> including an analysis of remediation, leak rates, and greenhouse gas emissions.<sup>14</sup>

<sup>2</sup> The Commission approved CVA's Phase 2 SAVE Plan in *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604, and For approval to implement a 2016 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions*, Case No. PUE-2015-00071, 2015 S.C.C. Ann. Rept. 352, Order Approving Amended SAVE Plan (Oct. 23, 2015).

<sup>3</sup> Application at 4.

<sup>4</sup> *Id.* In addition, the Company is not proposing a change to the annual spending cap of \$30 million and the associated 25% annual tolerance band. See Pre-filed Direct Testimony of Robert E. Horner ("Horner Direct") at 5-6. SAVE-eligible infrastructure to be replaced under the Company's Phase 2 SAVE Plan includes bare steel mains, cast iron mains, pre-1971 coated steel mains and services, certain first generation plastic pipe, isolated bare steel services, certain risers that are prone to failure, and meter and regulator stations. Application at 2, n.3.

<sup>5</sup> Horner Direct at 7.

<sup>6</sup> *Id.* at 8.

<sup>7</sup> See Application, Schedule No. 14a, Page 2 of 3.

<sup>8</sup> *Id.*, Page 3 of 3.

<sup>9</sup> Application at 3. The 2016 True-Up Factor is designed to true-up the Projected Factor in effect for calendar year 2016 to the actual SAVE costs experienced during that time period, and the 2018 Projected Factor is designed to recover projected costs associated with SAVE-eligible infrastructure replacements during calendar year 2018. *Id.* at 3, 7.

<sup>10</sup> *Id.* at 8.

<sup>11</sup> See *id.*, Schedule No. 14h, Page 1 of 1.

<sup>12</sup> Staff Report at 6.

<sup>13</sup> *Id.* at 3-4.

<sup>14</sup> *Id.* at 5.

Staff also conducted an accounting analysis and made several adjustments to the Company's proposed revenue requirement,<sup>15</sup> including the removal of \$11.6 million of construction work in progress ("CWIP") from the calculation of the SAVE 2016 True-Up Factor and 2018 Projected Factor after August 31, 2016, on the basis that the \$11.6 million of CWIP was rolled into base rates as of August 31, 2016, in the Company's 2016 Base Rate Case.<sup>16</sup> This adjustment decreased the revenue requirement by \$71,675.<sup>17</sup> Staff also utilized two-month averages to calculate rate base, consistent with other SAVE riders, which decreased the revenue requirement by \$198,239.<sup>18</sup>

Staff made several other accounting adjustments, including correction of a calculation error relating to accumulated deferred income taxes rate base deduction for the deferred tax asset attributable to net operating losses over the years 2016-2018, which increased the revenue requirement by \$504,141.<sup>19</sup> Staff's accounting adjustments resulted in Staff's recommended 2016 True-Up Factor revenue requirement credit of \$1,323,052, and Staff's recommended 2018 Projected Factor revenue requirement of \$6,176,534, for a total 2018 SAVE Rider revenue requirement in the amount of \$4,853,482, which is higher than the Company's requested 2018 SAVE Rider revenue requirement of \$4,476,574.<sup>20</sup> Staff recommended that, should the Commission limit the approved revenue requirement to the amount requested by the Company, the total comprise a 2016 True-Up Factor credit of \$1,323,052 and a 2018 Projected Factor of \$5,799,626.<sup>21</sup>

The Staff Report also included a discussion regarding the format of the schedules that natural gas companies file with their SAVE rider applications. Staff noted that the various calculation methodologies used by the different companies, coupled with the short statutory timeframe for the Commission to issue a final order in such cases, has made it difficult for Staff to conduct a full and complete audit and has resulted in the need to make corrections to past true-ups for the Company and other natural gas companies.<sup>22</sup> Accordingly, Staff developed schedules to help remedy these issues and to present the relevant information in a way that is transparent and easy to understand.<sup>23</sup> Staff recommends that in future SAVE filings, the Company utilize Staff's schedules as filed with the Staff Report in the current case.<sup>24</sup>

In its review of the rate class allocation of the 2018 SAVE Rider revenue requirement, Staff noted that the allocation factors proposed by the Company are consistent with the allocation methodology previously approved by the Commission in Case No. PUE-2011-00049.<sup>25</sup> Therefore, Staff did not oppose the Company's methodology to implement the 2018 SAVE Rider.<sup>26</sup> Staff recommended that, should the Commission adjust the Company's proposed revenue requirement and/or the allocation of the total revenue requirement between the 2016 True-Up Factor and the 2018 Projected Factor, final rates should be designed to reflect those adjustments.<sup>27</sup>

The Company filed Reply Comments to the Staff Report ("Company Reply") on November 17, 2017. The Company accepted several of Staff's adjustments to the proposed revenue requirement as well as Staff's proposed filing schedules for future SAVE proceedings, subject to limited modifications proposed by the Company to Staff's Schedules 2 and 14. The Company also committed to work with Staff "to identify the scope of any additional analysis [that] would be beneficial to the Staff in future proceedings to amend or extend its SAVE Plan."<sup>28</sup>

The Company did not agree with Staff's removal of \$11.6 million of CWIP from the calculation of the 2018 SAVE Rider revenue requirement on the basis that the *return on* the \$11.6 million of CWIP is being recovered in base rates, but the depreciation expense on the August 31, 2016 balance of CWIP that went into service after August 31, 2016 should be recovered in the SAVE Rider.<sup>29</sup> In addition, the Company disagreed with Staff's recommendation to use two-month averages to determine net rate base in a SAVE Rider filing. The Company asserted that a 13-month average should be utilized in order to be consistent with the 13-month averaging convention used to determine net rate base when SAVE investment is rolled into base rates.<sup>30</sup>

<sup>15</sup> See *id.* at 10-14 for a full discussion of Staff's accounting adjustments.

<sup>16</sup> *Application of Columbia Gas of Virginia, Inc., For authority to increase rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00033, Doc. Con. Cen. No. 170630249, Order (June 23, 2017).

<sup>17</sup> Staff Report at 10-11.

<sup>18</sup> *Id.* at 12-13.

<sup>19</sup> *Id.* at 11-12.

<sup>20</sup> *Id.* at 15.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 7-8.

<sup>23</sup> *Id.* at 8-9.

<sup>24</sup> *Id.* at 10.

<sup>25</sup> *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

<sup>26</sup> Staff Report at 16.

<sup>27</sup> *Id.* at 17.

<sup>28</sup> Company Reply at 2.

<sup>29</sup> *Id.* at 7.

<sup>30</sup> *Id.* at 9.

The Company also proposed modifications to the presentation of data in Staff's Schedule 14 because it does not show the carrying charges and customer collections related to each year of the SAVE Plan as part of the cumulative under/(over) recovery.<sup>31</sup> Finally, the Company disagreed with Staff's calculation of the 2016 True-Up Factor in Staff's Schedule 2, as it includes projected revenue credited or collected during 2017, the year between the true-up year and the projected year.<sup>32</sup> The Company asserted that "[t]he Staff recommendation of an intervening year true-up is contrary to the methodology approved by the Commission in initially establishing CVA's SAVE Plan."<sup>33</sup>

On December 7, 2017, the Company filed a letter setting forth a stipulated agreement ("Stipulated Agreement") between the Company and Staff, resolving the outstanding issues as follows:

- (1) CVA and Staff agree with the amount of the Cumulative SAVE Recovery Balance shown on Staff Schedule 14. CVA and Staff have also agreed to a revised format for the presentation of the information set forth in Schedule 14 in future filings. The resolution of this issue does not result in any revenue impact.
- (2) CVA and Staff agree that the revenue credited or collected during the year between the true-up year and the projected year (*i.e.*, the "intervening year")<sup>34</sup> should be included in SAVE filings, as shown on Staff's Schedule 2. CVA and Staff further agree that CVA will use data from the prior year's true-up factor calculation for the intervening year amounts. The resolution of this issue does not result in any revenue impact.
- (3) The Company and Staff agree to include the *recovery of* costs associated with CWIP in the calculation of the SAVE mechanism, recognizing that only a *return on* such costs was included in rate base in the Company's most recent base rate case, Case No. PUE-2016-00033. Further, any future roll-in of SAVE investment into CVA's base rates will be based on in-service SAVE plant, and will exclude SAVE-related CWIP balances.
- (4) Staff and the Company agree to the use of a two-month averaging convention to determine rate base in both the true-up and projected factor calculations to determine SAVE-related investment during each month.

Based on the Stipulated Agreement, the Company's revised proposed 2018 SAVE revenue requirement is \$4,865,849.<sup>35</sup> This amount is higher than the amount requested in the Company's Application and set forth in the notice provided to the public as directed by the Commission's September 1, 2017 Order for Notice and Comment. Accordingly, the 2018 Projected Factor has been adjusted to reflect the difference between the revised 2016 True-Up Factor and the revenue requirement proposed in the Application.<sup>36</sup> Accordingly, the total proposed 2018 SAVE Rider revenue requirement of \$4,476,574 comprises a 2016 True-Up Factor credit in the amount of \$1,318,734 and a 2018 Projected Factor in the amount of \$5,795,308.<sup>37</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application is approved, subject to the requirements discussed below. We approve the Company's request to increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from \$150 million to \$173.8 million and to maintain the previously authorized 5% tolerance band. For purposes of calculating the 2018 SAVE Rider, we accept Staff's accounting adjustments as set forth in the Staff Report and as further modified in the Stipulated Agreement. We further find that a total revenue requirement of \$4,476,574 is reasonable and shall be approved for purposes of this proceeding.<sup>38</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved, subject to the modifications as set forth within this Order. Rates consistent with this Order shall become effective with the first billing unit of January 2018 and shall continue through the last billing unit of December 2018.

(2) CVA forthwith shall file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2018 SAVE Rider, with workpapers supporting the revenue requirement and rates, which shall reflect the findings set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) This matter is dismissed.

<sup>31</sup> *Id.* at 3-4.

<sup>32</sup> *See* Staff Report at 9.

<sup>33</sup> Company Reply at 4.

<sup>34</sup> The "intervening year" is 2017 in this case.

<sup>35</sup> Stipulated Agreement at 2, n. 4.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.* at 2.

<sup>38</sup> As set forth within the Stipulated Agreement, this revenue requirement comprises a 2016 True-Up Factor credit in the amount of \$1,318,734 and a 2018 Projected Factor in the amount of \$5,795,308.

**CASE NO. PUR-2017-00096  
AUGUST 31, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY  
and  
AMERICAN WATER WORKS COMPANY

For authority to receive capital contributions from an affiliate under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On July 14, 2017, Virginia-American Water Company ("Virginia-American") and American Water Works Company (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting approval to receive capital contributions from an affiliate ("Agreement"). The Applicants represent that the Agreement will help Virginia-American to maintain its capital structure as well as to fulfill one or more of the following purposes: (1) the repayment of all or a portion of Virginia-American's outstanding short term debt; (2) the purchase, acquisition, construction, and/or improvement of new or existing properties and facilities; and/or (3) the refinancing of long term securities.

Virginia-American contemporaneously filed an application in Case No. PUR-2017-00097 pursuant to Chapter 3 of Title 56 of the Code for authority to issue debt securities. The Commission issued an order on August 4, 2017, granting authority to Virginia-American to borrow up to \$50 million from American Water Capital Corporation through December 31, 2020.<sup>2</sup> With the debt capital approved in Case No. PUR-2017-00097 added to the equity capital contributions requested in this case, Virginia-American will target an equity ratio range of 45% to 50%.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through its action brief, is of the opinion and finds that the Agreement is in the public interest and shall be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Agreement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1. Virginia-American shall file a Report of Action within thirty (30) days of the receipt of any capital contributions. The Report of Action should include the date(s) and amount(s) of any capital contributions made pursuant to the Commission's Order, and the use of the proceeds.

2. The Commission's approval of the Agreement shall extend through December 31, 2020.

3. Virginia-American shall file a Final Report of Action on or before March 30, 2021, which shall include a summary of the dates and amounts of all capital contributions made pursuant to the Commission's Order, the use of the proceeds, and a final capital structure for the quarter ending December 31, 2020.

4. The approval granted herein extends only to the cash contributions specified under the terms, conditions, and for the purposes specified in the Application. Applicants shall file to seek separate approval prior to any change in the terms and conditions of the Agreement approved herein.

5. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by the Commission.

6. The Commission's approval shall have no ratemaking implications. Specifically, the approval granted herein does not guarantee the recovery of any costs directly or indirectly related to the proposed capital contributions.

7. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and §56-80 of the Code hereafter.

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<sup>1</sup> Code §§ 56-76 *et seq.*.

<sup>2</sup> *Application of Virginia-American Water Company, For approval to issue debt securities*, Case No. PUR-2017-00097, Doc. Con. Cen. No. 170820037, Order Granting Authority (Aug. 4, 2017).



**CASE NO. PUR-2017-00097  
AUGUST 4, 2017**

APPLICATION OF  
VIRGINIA-AMERICAN WATER COMPANY

For approval to issue debt securities

**ORDER GRANTING AUTHORITY**

On July 14, 2017, Virginia-American Water Company ("Virginia-American" or "Company") filed an application with the State Corporation Commission ("Commission") under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia ("Code") for authority to issue debt securities and to enter into financial swaps, hedges or other derivative agreements to minimize interest rate risk ("Application"). Virginia-American paid the requisite fee of \$250.

Virginia-American is requesting authority in its Application to issue debt securities not to exceed \$50 million through December 31, 2020. The Company represents that the debt will be issued to American Water Capital Corporation, an affiliate and financing subsidiary of Virginia-American's parent holding company, American Water Works Corporation.<sup>2</sup> This debt would be used for repayment of all or a portion of Virginia-American's outstanding short-term debt; the purchase, acquisition, construction, and/or improvement of new or existing properties and facilities; and the refinancing of existing debt securities. Virginia-American represents that multiple Notes will be issued between now and December 31, 2020, and each individual Note could vary in maturity, face amount, and rate depending on market conditions at the time of issuance.

NOW 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) Virginia-American is authorized to issue up to \$50,000,000 in debt securities through December 31, 2020, under the terms and conditions and for the purposes stated in its Application.
- (2) Virginia-American is authorized to enter into one or more swap, hedge, or other derivative agreements or arrangements with respect to any underlying debt securities authorized above in Ordering Paragraph (1).
- (3) Approval of this Application shall have no implications for ratemaking purposes.
- (4) The Company shall file a preliminary report of action within ten (10) days after the issuance of any security pursuant to this Order Granting Authority to include the type of security, the issuance date, the amount of issuance, the interest rate or yield, the maturity date, and any securities retired with the proceeds.
- (5) Within 60 days of the end of any calendar quarter ending on or before December 31, 2017, Virginia-American shall file a more detailed report of action to include the information required in Ordering Paragraph (4) for any securities issued during such period, as well as an itemized list of actual expenses to date associated with the issuances(s), a comparison of the effective rate of securities issued and any refinanced securities, use of proceeds, and a detailed description of the closing of any hedging activity (gains or losses) associated with the issuance.
- (6) On or before March 30, 2021, Virginia-American shall file a final report of action to include all information required in Ordering Paragraph (5) which incorporates then-current actual expenses and fees paid for the proposed securities issuances.
- (7) This matter is continued subject to the ongoing review, audit, and appropriate directive of the Commission.

<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> Virginia-American received separate authority for affiliate financing transactions. See *Application of Virginia-American Water Company and American Water Capital Corp., To extend authority for continued participation in a Financial Service Agreement pursuant to the Affiliates Act*, Case No. PUE-2016-00124, 2016 S.C.C. Ann. Rep. 468, Order Granting Authority (Dec 13, 2016).

**CASE NO. PUR-2017-00098  
SEPTEMBER 6, 2017**

APPLICATION OF  
NEW RIVER GROUP, LLC D/B/A SCIOTO ENERGY

For a license to conduct business as an aggregator for electricity and natural gas

**ORDER GRANTING LICENSE**

On July 14, 2017, New River Group, LLC d/b/a Scioto Energy ("Scioto Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, the Company seeks authority to serve eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.<sup>1</sup> Scioto Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").<sup>2</sup>

On July 24, 2017, the Commission entered an Order for Notice and Comment which, among other things, docketed the case; required Scioto Energy to serve a copy of the Order for Notice and Comment upon appropriate persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On August 4, 2017, Scioto Energy filed proof of service. On August 11, 2017, Virginia Electric and Power Company, d/b/a/ Dominion Energy Virginia filed a notice of participation and comments, and Appalachian Power Company filed comments.

On August 18, 2017, the Staff filed its Report, which summarized Scioto Energy's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Scioto Energy to conduct business as an aggregator of natural gas and electricity to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.<sup>3</sup> Scioto Energy filed a response to the Staff Report in which it agreed with the Staff Report and requested that its Application be approved.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and the applicable law, finds that Scioto Energy's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia should be granted, subject to the conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Scioto Energy is hereby granted License No. A-55 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

<sup>1</sup> Although Scioto Energy seeks to serve customers throughout the Commonwealth of Virginia, retail choice only exists only in the service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail access choice for electricity is only permitted to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

<sup>2</sup> 20 VAC 5-312-10 *et seq.*

<sup>3</sup> Staff Report at 6.

**CASE NO. PUR-2017-00100  
OCTOBER 16, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY,  
and  
AMERICAN ELECTRIC POWER SERVICE CORPORATION

For authority to enter into an affiliate transaction under Title 56, Chapter 4 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On July 18, 2017, Appalachian Power Company ("APCo") and American Electric Power Service Corporation ("AEPSC") (collectively, "Petitioners") filed a Petition with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> and the Commission's Order Granting Authority in Case No. PUE-2012-00089,<sup>2</sup> requesting approval of a new service agreement between APCo and AEPSC ("Service Agreement").

The Petitioners currently operate under a substantively identical service agreement ("Current Agreement") approved by the Commission in its 2012 Order. Under the new Service Agreement, AEPSC will continue to provide managerial, administrative, financial, technical, and other centralized services to APCo at cost as set out in Appendix I to the Service Agreement.

The Petitioners represent that they are not proposing any substantive changes to the Current Agreement previously approved for a five-year term ending October 18, 2017. The Petitioners represent that the organizational structure of AEPSC and the terms of payment for and allocation factors applicable to services provided under the proposed Service Agreement are identical to the Current Agreement. Furthermore, the Petitioners represent that they complied with the Commission's Order on Petition for Reconsideration and Clarification in Case No. PUE-2014-00026<sup>3</sup> by not amending the Service Agreement's book treatment of APCo's joint-use assets.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Service Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Petitioners hereby are granted approval to enter into the Service Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto.

(2) This case is dismissed.

APPENDIX

(1) The Commission's approval of the Service Agreement shall be limited to five (5) years from the date of the Order in this case. Should the Petitioners wish to continue under the Service Agreement beyond that date, separate Commission approval shall be required.

(2) The Commission's approval shall be limited to the specific services identified in the Service Agreement. Should APCo wish to obtain additional services that are not specifically identified in the Service Agreement, separate Commission approval shall be required.

(3) Separate Affiliates Act approval shall be required for AEPSC to provide services to APCo through the engagement of any affiliated third parties under the Service Agreement.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Service Agreement, including any changes in the services provided, allocation methodologies, and successors or assigns.

(5) The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Service Agreement.

(6) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

(7) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> *Application of Appalachian Power Company and American Electric Power Service Corporation, For authority to enter into an affiliate transaction under Title 56, Chapter 4 of the Code of Virginia*, Case No. PUE-2012-00089, 2012 S.C.C. Ann. Rept. 494, Order Granting Authority (Oct. 18, 2012), *corrected by* 2012 S.C.C. Ann. Rept. 495, Correcting Order (Oct. 22, 2012) (collectively, "2012 Order").

<sup>3</sup> *Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, Final Order (Nov. 26, 2014), *clarified by* 2015 S.C.C. Ann. Rept. 209, Order on Petition for Reconsideration and Clarification (Feb. 3, 2015).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(8) APCo shall maintain records demonstrating that the services provided by AEPSC are cost beneficial to Virginia ratepayers. For all services provided by AEPSC where a market may exist, APCo shall investigate whether there are alternative sources from which it could purchase such services. If an alternative source exists, APCo shall compare the market price to AEPSC's charges and pay the lower of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. APCo shall bear the burden of proving, in any rate proceeding, that it paid AEPSC the lower of cost or market for all services under the Service Agreement.

(9) The Petitioners shall file with the Commission a signed and executed copy of the Service Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(10) All transactions under the Service Agreement shall be reflected in APCo's monthly service company bill and included in APCo's Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director, and shall include the following information:

- (a) Case number in which the transactions were approved;
- (b) Description of each transaction and the specific service(s) provided;
- (c) Transactions by month;
- (d) Dollar amount charged for each transaction per month; and
- (e) FERC account.

(11) In addition to Requirement (10) and the ARAT information APCo currently provides, APCo also shall include the following information with its ARAT:

- (a) An annual schedule showing AEPSC billings to APCo by FERC account, month, and amount as they are recorded on APCo's books; and,
- (b) An annual schedule that reconciles any differences in the FERC account distribution of AEPSC billings as they are recorded on APCo's books and AEPSC's books.

(12) In the event that APCo's annual informational filings or expedited or general rate case filings are not based on a calendar year, then APCo shall include the affiliate information contained in its ARAT in such filings.

**CASE NO. PUR-2017-00101  
AUGUST 25, 2017**

APPLICATION OF  
NORTHERN NECK ELECTRIC COOPERATIVE

For a general increase in electric rates

**ORDER FOR NOTICE AND HEARING**

On July 20, 2017, Northern Neck Electric Cooperative ("NNEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application and supporting documents for a general increase in electric rates ("Application").<sup>1</sup> NNEC is also requesting certain changes to its rate schedules for retail electric service.

In its Application, the Cooperative seeks approval to increase jurisdictional revenues by \$1.8 million based on a rate year revenue requirement of \$35.9 million.<sup>2</sup> A typical residential customer using 1,000 kilowatt hours will experience an average increase of \$8.05 per month under the proposed annualized rates.<sup>3</sup> NNEC is requesting that the new rates be made effective on all bills issued on and after January 1, 2018.<sup>4</sup> The Cooperative estimates that the proposed revenues should produce a rate year jurisdictional Times Interest Earned Ratio ("TIER") of 2.25x, a Debt Service Coverage Ratio of 2.21x and a rate of return on rate base of 4.14%.<sup>5</sup> However, NNEC is not requesting that the Commission set a TIER of 2.25x and adjust its proposed rates to that

<sup>1</sup> On August 15, 2017, NNEC filed corrected versions of Rate Schedules GS-5, LP-7, and PCA-1, which are included in Schedule 5A of the Application.

<sup>2</sup> Application at 3.

<sup>3</sup> *Id.* at Schedule 15A. The average monthly bill increase of \$8.05 is based on annualized rates. NNEC proposes seasonal price differentials in calculating the Electricity Supply Service ("ESS") portions of the proposed residential service schedule. NNEC's proposed rate design results in a monthly increase of \$18.96 in the months of June through September, and \$2.60 for October through May. *Id.* at Schedules 5A and 6.

<sup>4</sup> *Id.* at 9. The Cooperative requests authorization to put the new rates into effect on and after January 1, 2018, on an interim basis and subject to refund, if necessary. *Id.*

<sup>5</sup> *Id.* at 4.

TIER. Instead, NNEC is requesting that the Commission approve its rates as proposed so long as the resulting rate year TIER falls within what has been recognized in recent cooperative rate cases as a reasonable range for an electric cooperative such as NNEC.<sup>6</sup>

NNEC proposes to adjust the ESS rates of each rate class to recover the rate year allocated purchased power expense and to increase the Access Charges in each rate class to reflect better what the cost of service study classified as customer-related costs.<sup>7</sup> To address class parity, NNEC is proposing to allocate the increase primarily to Schedule R-4, Schedule PE-2, Schedule C-7, and Schedule GS-4 Non-demand, with a slight increase to Schedule T-3. NNEC states that no material increases are allocated to Schedule GSD-1, Schedule LP-6, or Schedule SL-5.<sup>8</sup>

NNEC proposes to withdraw Schedule TD-3 and Schedule IS. NNEC is proposing to modify Schedule GS-4 (renumbered as Schedule GS-5) to be applicable to customers with demand up to 20 kW.<sup>9</sup> NNEC proposes a new schedule, Schedule GSD-1, for customers with demand greater than 20 kW and not exceeding 50 kW. In addition, the rates of Schedule SL-6 are being unbundled into distribution and energy supply service components. NNEC also proposes to withdraw Schedule G WPCA and replace it with Schedule PCA-1. Schedule PCA-1 is a power cost adjustment designed to recover booked purchased power expense on a dollar-for-dollar basis.<sup>10</sup>

NNEC also proposes to introduce seasonal price differentials in calculating the ESS portions of proposed Schedules R-5, PE-3, C-8, GS-5, GSD-1, and LP-7, to reflect better the effects of summer load on purchased power expense.<sup>11</sup> NNEC is proposing to introduce higher seasonal prices for ESS service in the months of June through September, in order to send price signals that more appropriately reflect cost causation and more fairly recover costs within each rate class.<sup>12</sup>

NNEC is not proposing any substantive changes in its Terms and Conditions at this time, though the list of available rate schedules and any cross-references to those rate schedules in the Terms and Conditions would change if the Commission approves the Cooperative's proposed changes to its rate schedules.<sup>13</sup>

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a public hearing should be convened to receive evidence on the Cooperative's Application. We also find that pursuant to 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),<sup>14</sup> we should assign this matter to a Hearing Examiner to conduct all further proceedings on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations. We find that interested persons should have the opportunity to comment on the Application or to participate as a respondent in this proceeding; that the Staff of the Commission ("Staff") shall investigate the Application and present its findings in testimony; and that the Cooperative may file testimony in rebuttal to the testimony filed by Staff and any respondents. We also will permit NNEC's proposed rates to become effective for bills rendered on and after January 1, 2018, on an interim basis and subject to refund with interest.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUR-2017-00101.
- (2) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 A of the Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.
- (3) NNEC may implement its proposed rates and charges for bills rendered on and after January 1, 2018, on an interim basis and subject to refund with interest.
- (4) A public hearing shall be convened on February 27, 2018, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at the hearing need only appear in the Commission's Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) NNEC forthwith shall make copies of its Application and this Order for Notice and Hearing available for public inspection during regular business hours at NNEC's business office at 85 St. Johns Street, Warsaw, Virginia 22572-0288. Copies also may be obtained by submitting a written request to counsel for NNEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. In addition, interested persons may review all public documents filed in this proceeding in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 5.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 6.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* at 8.

<sup>14</sup> 5 VAC 5-20-10 *et seq.*

23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before September 15, 2017, NNEC shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation in its service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
NORTHERN NECK ELECTRIC COOPERATIVE  
FOR A GENERAL INCREASE IN ELECTRIC RATES  
CASE NO. PUR-2017-00101

- **Northern Neck Electric Cooperative ("NNEC") has applied for approval for a general increase in electric rates. NNEC seeks to increase jurisdictional revenues by \$1.8 million based on a rate year revenue requirement of \$35.9 million.**
- **A typical residential customer using 1,000 kilowatt hours will experience an average increase of \$8.05 per month under the proposed annualized rates.**
- **NNEC is also requesting certain changes to its rate schedules for retail electric service.**
- **A Hearing Examiner appointed by the Commission will hear the case on February 27, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at: <http://www.scc.virginia.gov/case>.**

On July 20, 2017, Northern Neck Electric Cooperative ("NNEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application and supporting documents for a general increase in electric rates ("Application"). NNEC is also requesting certain changes to its rate schedules for retail electric service.

In its Application, the Cooperative seeks approval to increase jurisdictional revenues by \$1.8 million based on a rate year revenue requirement of \$35.9 million. A typical residential customer using 1,000 kilowatt hours will experience an average increase of \$8.05 per month under the proposed annualized rates. NNEC is requesting the new rates be made effective on all bills issued on and after January 1, 2018. The Cooperative estimates that the proposed revenues should produce a rate of return on rate base of 4.14%.

NNEC proposes to adjust the Electricity Supply Service ("ESS") rates of each rate class to recover the rate year allocated purchased power expense and to increase the Access Charges in each rate class to reflect better what the cost of service study classified as customer-related costs. To address class parity, NNEC is proposing to allocate the increase primarily to Schedule R-4, Schedule PE-2, Schedule C-7, and Schedule GS-4 Non-demand, with a slight increase to Schedule T-3. NNEC states that no material increases are allocated to Schedule GSD-1, Schedule LP-6, or Schedule SL-5.

NNEC proposes to withdraw Schedule TD-3 and Schedule IS. NNEC is proposing to modify Schedule GS-4 (renumbered as Schedule GS-5) to be applicable to customers with demand up to 20 kW. NNEC proposes a new schedule, Schedule GSD-1, for customers with demand greater than 20 kW and not exceeding 50 kW. In addition, the rates of Schedule SL-6 are being unbundled into distribution and energy supply service components. NNEC also proposes to withdraw Schedule G WPCA and replace it with Schedule PCA-1. Schedule PCA-1 is a power cost adjustment designed to recover booked purchased power expense on a dollar-for-dollar basis.

NNEC also proposes to introduce seasonal price differentials in calculating the ESS portions of proposed Schedules R-5, PE-3, C-8, GS-5, GSD-1, and LP-7, to reflect better the effects of summer load on purchased power expense. NNEC is proposing to introduce higher seasonal prices for ESS service in the months of June through September, in order to send price signals that more appropriately reflect cost causation and more fairly recover costs within each rate class.

NNEC is not proposing any substantive changes in its Terms and Conditions at this time, though the list of available rate schedules and any cross-references to those rate schedules in the Terms and Conditions would change if the Commission approves the Cooperative's proposed changes to its rate schedules.

For more detailed information about the Cooperative's proposals, interested persons should view NNEC's Application.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission issued an Order for Notice and Hearing ("Order") in this proceeding that, among other things, scheduled a public hearing on February 27, 2018, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Cooperative, any respondents, and the Commission Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the Cooperative's Application and this Order are available for public inspection during regular business hours at NNEC's business office at 85 St. Johns Street, Warsaw, Virginia 22572-0288. Copies also may be obtained by submitting a written request to counsel for NNEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. In addition, interested persons may review copies of all public documents filed in this proceeding in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before October 24, 2017. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also shall be sent simultaneously to counsel for NNEC, John A. Pirko, Esquire, LeClairRyan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2017-00101. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before February 20, 2018, any interested person wishing to comment on the Cooperative's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before February 20, 2018, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the written comments. All such comments shall refer to Case No. PUR-2017-00101.

The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order in this proceeding may be obtained from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

NORTHERN NECK ELECTRIC COOPERATIVE

(7) On or before September 15, 2017, NNEC shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternative forms of government) in which the Cooperative provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) On or before September 29, 2017, NNEC shall provide proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice on or before October 24, 2017. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any person or entity simultaneously shall serve a copy of the notice of participation upon counsel for NNEC at the address set forth in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel pursuant to 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2017-00101.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(10) Within five (5) business days of receipt of a notice of participation as a respondent, NNEC shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed with the Commission, unless these materials already have been provided to the respondent.

(11) On or before December 19, 2017, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) and serve on the Staff, the Cooperative, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2017-00101.

(12) The Staff shall investigate the reasonableness of NNEC's Application. On or before January 23, 2018, the Staff shall file with the Clerk of the Commission and serve on the Cooperative and all parties in accordance with the Rules of Practice, its testimony and exhibits regarding its investigation of the Application, and each Staff witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony shall be submitted to the Clerk of the Commission.

(13) On or before February 6, 2018, NNEC shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Cooperative simultaneously shall serve a copy of the testimony and exhibits on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(14) On or before February 20, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (9). Diskettes, compact discs, or any other form of electronic storage medium may not be filed with written comments. Interested persons desiring to submit comments electronically may do so, on or before February 20, 2018, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUR-2017-00101.

(15) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within ten (10) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney<sup>15</sup> if the interrogatory or request for production is directed to the Staff. Except as modified herein, discovery shall be in accordance with Part IV of the Rules of Practice, 5 VAC 5-20-240 *et seq.*

(16) This matter is continued generally.

<sup>15</sup> The assigned Staff Attorney is identified on the Commission's website: <http://www.scc.virginia.gov/case> by clicking "Docket Search," and clicking "Search Cases," and entering case number PUR-2017-00101 in the appropriate box.

**CASE NO. PUR-2017-00102  
NOVEMBER 21, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval to amend its SAVE Plan pursuant to § 56-604 B of the Code of Virginia

**ORDER**

On July 25, 2017, in accordance with § 56-604 B of the Code of Virginia ("Code"), a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act,<sup>1</sup> Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval to amend and extend its current SAVE Plan, which the Commission approved in Case No. PUE-2015-00017,<sup>2</sup> and which expires on December 31, 2017.<sup>3</sup> In this Application, WGL proposes to invest approximately \$543 million over a five-year period (January 1, 2018, through December 31, 2022) to continue work on previously approved distribution and transmission system accelerated replacement programs. Additionally, the Company proposes revisions to several of the distribution programs. Specifically, the Company proposes to (i) expand its Bare and/or Unprotected Steel Main Replacement program to include the total population of this category of pipe in WGL's distribution system; and (ii) include replacement of branched services in its (a) Copper Service Replacement, (b) Mechanically Coupled Pipe Replacement, and (c) Pre-1975 Plastic Service Replacement programs.<sup>4</sup>

<sup>1</sup> See § 56-603 *et seq.* of the Code ("SAVE Act").

<sup>2</sup> See *Application of Washington Gas Light Company, For Authority to Amend its SAVE Plan pursuant to § 56-604 B of the Code of Virginia*, Case No. PUE-2015-00017, 2015 S.C.C. Ann. Rept. 282, Order (June 5, 2015).

<sup>3</sup> Application at 1.

<sup>4</sup> *Id.* at 7-8; Direct Testimony of Kristopher J. Kelley at 5.



The Company anticipates that, of the approximately \$84 million proposed accelerated replacement investment for calendar year 2018, \$69.4 million will be utilized for replacement of distribution system facilities while \$14.5 million will be utilized for replacement of transmission system facilities.<sup>5</sup> The Company proposes to recover its anticipated expenditures through a monthly rider ("SAVE Rider") on customers' bills, as required by § 56-604 A of the SAVE Act. According to the Company, the total 2018 SAVE Rider revenue requirement, for the period January 1, 2018, through December 31, 2018, is \$19,803,851, which comprises a Current Factor revenue requirement of \$13,105,463, and a Reconciliation Factor revenue requirement of \$6,698,388.<sup>6</sup> The Company states that the annual amount of the 2018 SAVE Rider for a typical residential customer with annual usage of 756 therms is estimated at \$27.<sup>7</sup>

The Company states that expenditures for SAVE Plan programs will continue to be capped at 105% of the total SAVE Plan approved amount and that annual expenditures will not exceed 125% of the amount approved for each year.<sup>8</sup>

On August 10, 2017, the Commission entered an Order for Notice and Comment, which, among other things, required WGL to provide public notice of its Application; provided interested persons an opportunity to file comments on the Application, file notices of participation, or request a hearing on the Application; and required the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") containing its findings and recommendations.

On September 18, 2017, the Office of the Attorney General, Division of Consumer Counsel, filed comments and a notice of participation.

On October 13, 2017, Staff filed a Motion for Modification of Procedural Schedule to extend the filing dates for the Staff Report and the Company's response to the Staff Report ("Response") to October 25, 2017, and November 1, 2017, respectively. The Commission entered its Order Granting Extension on October 16, 2017. On October 31, 2017, the Company filed a Motion for Extension of Time to File Comments on the Staff Report, to submit its Response on November 6, 2017. The Commission granted the Company's Motion for Extension on October 31, 2017.

Staff filed its Report on October 25, 2017. In its Report, Staff summarized the Application and described the Company's current SAVE programs and the proposed amendments. Staff from the Commission's Division of Utility and Railroad Safety reviewed the Company's 2018 SAVE project list provided in discovery and concluded that it appears that the projects have been prioritized in accordance with the Company's Distribution Integrity Management Program.<sup>9</sup>

For the Company's proposed \$543 million five-year investment, of which approximately \$42.4 million is attributed to a 3% inflationary assumption,<sup>10</sup> Staff from the Commission's Division of Utility Accounting and Finance calculated an estimated lifetime revenue requirement of \$1.3 billion, which includes depreciation expense, property tax expense, and return on rate base.<sup>11</sup> Staff also presented the estimated bill impact of WGL's proposed 2018 SAVE Rider Current Factor, as well as the estimated average impact of the proposed SAVE amendments for the years 2019 through 2022. For a residential customer with annual usage of 781 therms, the annual SAVE Current Factor is estimated to increase from \$18.69 in 2018 to \$73.75 in 2022.<sup>12</sup>

The Staff Report also included a discussion about WGL's SAVE program expenditures under the current SAVE Plan;<sup>13</sup> the scope of the SAVE Plan replacements occurring in Programs 2 and 3 since 2015 compared to planned replacements for those years;<sup>14</sup> and metrics that could be used to evaluate SAVE program results, including leak data and unaccounted for gas rates.<sup>15</sup> Staff observed that (1) WGL has completed far fewer replacements relative to those anticipated in its 2015 Amendment; (2) spending was above the Company's projected SAVE spending levels in 2015 and 2016; and (3) corrosion-related leaks have increased significantly in recent years.<sup>16</sup> Staff concluded that "the Company has not presented much evidence demonstrating or measuring the effectiveness of WGL's current level of SAVE activity" and, given the "significant lifetime revenue requirements and customer bill impacts that would result from WGL's 2017 SAVE Amendment," Staff questioned whether the Company has demonstrated that its proposed amendments are prudent and reasonable, as required by Code § 56-604.<sup>17</sup> Staff expressed concerns about the magnitude of the Company's proposed five-year investment and suggested that the Commission may wish to limit the amount of allowed SAVE expenditures until the Company can provide evidence supporting the increases to safety and reliability resulting from its SAVE investment.<sup>18</sup>

<sup>5</sup> Application at 6.

<sup>6</sup> Direct Testimony of R. Andrew Lawson, Exhibit RAL-1, Schedule 1.

<sup>7</sup> Application at 6.

<sup>8</sup> *Id.*

<sup>9</sup> Staff Report at 4-5.

<sup>10</sup> *Id.* at 5-6.

<sup>11</sup> *Id.* at 9.

<sup>12</sup> *Id.* at 10-11. Staff notes that the total bill impact would potentially be higher or lower when the Reconciliation Factor is applied.

<sup>13</sup> *Id.* at 11-12.

<sup>14</sup> *Id.* at 12-13.

<sup>15</sup> *Id.* at 14-17.

<sup>16</sup> *Id.* at 17.

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at 33.

Staff also conducted an accounting analysis and made several adjustments to the Company's proposed Current Factor revenue requirement, which resulted in Staff's recommended Current Factor revenue requirement of \$4,984,380, which is \$8,121,083 less than the Company's requested Current Factor revenue requirement of \$13,105,463.<sup>19</sup> Staff's adjustments consisted of the following: (1) updating the net charge-off rate used to calculate projected uncollectible expense to a more recent three-year average, which increases the revenue requirement by approximately \$6,000; (2) excluding the inflationary assumptions from the Company's projections, which decreases the revenue requirement by approximately \$66,000;<sup>20</sup> (3) treating actual cost of removal expenditures as fully normalized for income tax purposes through December 31, 2017, which decreases the revenue requirement by approximately \$411,500; (4) recognizing the revenue requirement impact of flow-through income tax treatment of cost of removal beginning January 1, 2018, which decreases the revenue requirement by approximately \$6,886,100; and (5) including the Mountaineer Gas Surcharge revenue in the Current Factor, which decreases the revenue requirement by approximately \$763,000.<sup>21</sup>

Staff also found issues with the Company's requested Reconciliation Factor revenue requirement and, after making several adjustments, Staff proposed a Reconciliation Factor revenue requirement of \$6,029,646, which is \$668,742 less than the Company's requested Reconciliation Factor revenue requirement of \$6,698,388.<sup>22</sup> Staff's adjustments to the Reconciliation Factor revenue requirement included the following: (1) correcting the depreciation rate for copper distribution services to that approved in the most recent depreciation study, which decreased the revenue requirement by approximately \$5,000; (2) correcting an error in the Company's calculation of the carrying cost on property taxes, which decreased the revenue requirement by approximately \$11,700; (3) utilizing actual uncollectible expenses for the 12 months ended April 30, 2017, to calculate the uncollectible percentage, which decreased the revenue requirement by approximately \$19,000; (4) recognizing a deferred tax liability associated with cost of removal in Staff's computation of SAVE rate base, consistent with the methodology adopted in prior SAVE cases, which decreased the revenue requirement by approximately \$843,000; and (5) correcting a formula error in the calculation of the two-month net rate base, which increased the revenue requirement by approximately \$213,000.<sup>23</sup>

As more fully discussed in the Staff Report, Staff takes the position that WGL's calculation of its SAVE revenue requirements is based on a ratemaking methodology that is inconsistent with the treatment of cost of removal in the Company's tax accounting system.<sup>24</sup> Staff recommends that the Commission direct the Company to evaluate its tax accounting system to ensure that proper recognition is given to income tax normalization and deferred income taxes associated with all SAVE program related timing differences, including actual cost of removal related to pre-1971 property vintages that has occurred since the SAVE Rider was implemented in June 2010.<sup>25</sup>

In its review of the rate class allocation of the 2018 SAVE Rider revenue requirement, Staff noted that the allocation factors proposed by the Company are the same as those approved in the Company's most recent general rate case, Case No. PUE-2016-00001.<sup>26</sup> Therefore, Staff did not oppose the Company's methodology to implement the 2018 SAVE Rider. Staff recommended that, should the Commission adjust the Company's proposed revenue requirement, the proposed factors should be adjusted proportionately and the overall impact on customer bills should change accordingly.<sup>27</sup>

Staff further recommended that the Commission direct the Company to include, with each future SAVE update and/or amendment, a project list, by SAVE program, for the upcoming Current Factor year. Staff recommends that the project list include "a system map showing the greatest level of detail available" with the following information: (1) projects planned for each geographic location; (2) associated cost of each project; (3) associated risk ranking of each project; (4) type of material to be replaced; (5) vintage of assets to be replaced; (6) miles of main and number of services to be replaced; (7) diameter of main or service to be replaced; (8) status of project; (9) any projects that previously were prioritized as part of the currently authorized SAVE Plan; and (10) any other relevant information maintained by the Geographic Information System.<sup>28</sup>

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<sup>19</sup> *Id.* at 21.

<sup>20</sup> Staff noted that the Commission has historically authorized a 5% spending variance, and adding an inflation factor to that variance "could result in unnecessary redundancy." *Id.* at 20. Staff further stated that if the Company were to encounter increased costs above the 5% variance, the Company could propose an amendment to the spending cap for the Commission's consideration. *Id.*

<sup>21</sup> *Id.* at 20-21.

<sup>22</sup> *Id.* at 23-26.

<sup>23</sup> *Id.* at 24-25.

<sup>24</sup> *See id.* at 26-28.

<sup>25</sup> *Id.* at 27-28. Staff also noted that, because the tax accounting of SAVE-related cost of removal also impacts the Company's base rate cost of service, this issue should be more fully addressed within the context of the Company's next Annual Informational Filing ("AIF") or base rate proceeding. *Id.* at 28, n. 62.

<sup>26</sup> *Id.* at 30. *See Application of Washington Gas Light Company, For a general increase in rates and charges and to revise its terms and conditions applicable to gas service*, Case No. PUE-2016-00001, Doc. Con. Cen. No. 170920162, Final Order (Sept. 25, 2017).

<sup>27</sup> Staff Report at 32.

<sup>28</sup> *Id.* at 33-34.

The Company filed its Response to the Staff Report on November 6, 2017, in which the Company requested a revised Reconciliation Factor revenue requirement of \$6,048,849, and a revised Current Factor revenue requirement of \$12,468,707.<sup>29</sup> In its Response, the Company agreed to the following Staff accounting adjustments: (1) inclusion of the Mountaineer Gas Surcharge revenue factor in the Current Factor; (2) correction to the depreciation rate for copper distribution services to that approved in the most recent depreciation study; (3) correction to the Company's calculation of carrying cost on property taxes; and (4) correction of the formula error in the calculation of the two-month net rate base.<sup>30</sup> In addition, the Company agreed to include SAVE program project lists, with Staff's requested information, with each annual SAVE Plan update or amendment.<sup>31</sup>

The Company disagreed with Staff's concerns about the proposed SAVE amendments and stated that the Company's proposed amended SAVE Plan is prudent and reasonable, as required by § 56-604 of the Code, because it targets the replacement of the most leak-prone pipe in WGL's system.<sup>32</sup> The Company stated that the fact that corrosion-related leaks have increased significantly in recent years, particularly on bare and/or unprotected steel main and services, is all the more reason to increase the targeted replacement of these materials.<sup>33</sup> Further, the Company stated that the replacement of the most leak-prone facilities with pipe that does not leak, by definition, enhances system safety and reliability and potentially decreases greenhouse gas emissions.<sup>34</sup> The Company attributed the increased SAVE spending levels to the implementation of enhanced safety practices, increased construction costs, and inflationary factors.<sup>35</sup>

The Company also disagreed with Staff's adjustments to uncollectible expense in the Current Factor and Reconciliation Factor, asserting that the SAVE Rider is not designed or intended to track uncollectible expense and that it is inconsistent with the SAVE Act to update uncollectible expense allowance outside of base rates.<sup>36</sup> The Company further disagreed with Staff's exclusion of the inflationary assumptions from the Company's projections, on the basis that the Company's cost projections rely on historical costs, which escalate each year.<sup>37</sup>

The Company strongly opposed Staff's treatment of taxes related to cost of removal in calculating the Current Factor. The Company stated that it is improper to "raise a new income tax accounting issue, that has broad ratemaking implications, in a SAVE proceeding, because it conflicts with § 56-604 D" of the Code.<sup>38</sup> The Company further stated that "[t]he accounting treatment of cost of removal for tax recovery purposes is a technical and complex . . . issue that has a direct and significant ratemaking impact" and that the issue should instead be considered fully in a base rate proceeding in which all parties have the opportunity to develop the record on the issue.<sup>39</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Application is approved subject to the requirements discussed below. We note that the Company's proposal herein is directly related to the safety of its system, its customers, and the Commonwealth. No party has argued that WGL's SAVE Plan is unreasonable or imprudent under the SAVE Act.

In approving the Company's SAVE Plan, we find that it is not necessary to incorporate an inflationary assumption in projected spending totals. Accordingly, we approve a total five-year spending cap of \$500 million. The Company may exceed the total approved expenditures of \$500 million by up to 5%.<sup>40</sup>

For purposes of calculating the 2018 SAVE Rider, we accept Staff's accounting adjustments for depreciation, carrying cost on property taxes, uncollectible expense percentage, calculation of the two-month net rate base, inflationary assumptions, the Mountaineer Gas Surcharge, and recognition in the Reconciliation Factor of a deferred tax liability associated with cost of removal in computation of SAVE rate base.

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<sup>29</sup> Company Response at 23.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.* at 24.

<sup>32</sup> *Id.* at 8.

<sup>33</sup> *Id.* See also *id.* at 12-15.

<sup>34</sup> *Id.* at 10.

<sup>35</sup> *Id.* at 15-16.

<sup>36</sup> *Id.* at 21.

<sup>37</sup> *Id.* at 22.

<sup>38</sup> *Id.* at 3. Code § 56-604 D states that "[n]o other revenue requirement or ratemaking issues may be examined in consideration of the application filed pursuant to the provisions of this chapter."

<sup>39</sup> Company Response at 28-29.

<sup>40</sup> We note that the Company represented in the Application that annual expenditures will not exceed 125% of the amount approved for each year. See Application at 6. We refer to Tables 1 and 2 in the Staff Report for the annual approved spending amounts, minus the 3% inflationary assumption. See Staff Report at 5-6.

With regard to the tax accounting of SAVE-related cost of removal, we find that, because this issue also impacts the Company's base rate cost of service, it is more appropriate to address this issue within the context of the Company's next AIF or base rate proceeding. The Current Factor approved herein is based on Staff's revenue requirement other than the proposed flow-through tax methodology, subject to future true-up based on final determination of the issue in a base rate or AIF proceeding.<sup>41</sup> Accordingly, we find that a total revenue requirement of \$17,900,126 is reasonable and shall be approved for the 2018 SAVE Rider.<sup>42</sup>

We further direct the Company to include SAVE program project lists, with Staff's requested information, with each future annual SAVE Plan update or amendment.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved, subject to the modifications and requirements set forth in this Order. Rates consistent with this Order shall become effective with the January 1, 2018 billing cycle and continue in effect through December 31, 2018.

(2) WGL forthwith shall file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2018 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) This matter is dismissed.

<sup>41</sup> Coincident with this Order, the Commission also is issuing an Order in Case No. PUR-2017-00004, WGL's 2017 AIF. That Order closes WGL's 2017 AIF and directs WGL to file an expanded 2018 AIF on or before April 30, 2018, which shall include testimony on the tax accounting of SAVE-related costs of removal.

<sup>42</sup> The total revenue requirement is composed of a Reconciliation Factor revenue requirement of \$6,029,646, and a Current Factor revenue requirement of \$11,870,480.

**CASE NO. PUR-2017-00103  
OCTOBER 17, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
ATLANTIC COAST PIPELINE, LLC

For approval of affiliate agreements, and requests for future exemptions, pursuant to Chapter 4 of Title 56 of the Code of Virginia

**ORDER**

On July 25, 2017, Virginia Electric and Power Company ("DEV") and Atlantic Coast Pipeline, LLC ("Atlantic") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of eight collocation ("Collocation") agreements ("Collocation Agreements") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").<sup>2</sup> The Applicants also request approval of future exemptions from the filing and prior approval provisions of the Affiliates Act ("Exemption") for the first six Collocation Agreements listed below ("Form Agreements") so that they can be used as template agreements for future transactions in substantially the form presented in this case.

The Application was filed in anticipation of the Federal Energy Regulatory Commission's ("FERC") approval of the Pipeline.<sup>3</sup> The Pipeline is a proposed interstate natural gas pipeline that will extend for approximately 600 miles from West Virginia through Virginia to North Carolina. Approximately 307 miles of the Pipeline will extend through Virginia. The eight Collocation Agreements cover Pipeline activities that will occur on approximately 37 miles of DEV-owned land, ROWs, and facilities, excluding pipeline construction easements.<sup>4</sup>

The eight Collocation Agreements are as follows: (1) a Consent Agreement for Right-of-Way Encroachment ("ROW Agreement"); (2) a License Agreement for Fee-Owned Property ("Fee-Owned Property Agreement"); (3) a Site Easement Agreement; (4) a Microwave License Agreement; (5) a Generation Easement Agreement; (6) a Utility Pole Agreement; (7) a Letter of Understanding for the Atlantic Coast Pipeline/Brunswick Interconnection ("LOU-B"); and (8) a Letter of Understanding for the Atlantic Coast Pipeline/Greenville Interconnection ("LOU-G") (LOU-B and LOU-G,

<sup>1</sup> The term "Collocation" refers here to the joint siting of the proposed Atlantic Coast Pipeline ("Pipeline") with DEV facilities on DEV-owned land, right-of-ways, and easements (right-of-ways and easements collectively, "ROW(s)").

<sup>2</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>3</sup> The Applicants represent that Atlantic filed an application with FERC under Section 7(c) of the Natural Gas Act ("NGA") for a certificate of public convenience and necessity ("CPCN") to construct, own, and operate the Pipeline. Once the Pipeline commences service, Atlantic will be subject to comprehensive regulation by FERC as a "natural gas company" under the NGA. *See* Applicants' Response to Staff Data Request No. 18.

<sup>4</sup> Applicants' Response to Staff Data Request Nos. 19 and 27.

collectively, "LOU(s)").<sup>5</sup> The ROW Agreement allows Atlantic and its Pipeline agent/manager/operator to access and operate in below-ground Collocation areas where DEV holds transmission ROWs.<sup>6</sup> The Fee-Owned Property Agreement allows Atlantic and its Pipeline agent/manager/operator to access and operate in below-ground Collocation areas in Virginia where DEV owns transmission property outside of DEV-owned power stations.<sup>7</sup> The Site Easement Agreement allows Atlantic and its Pipeline agent/manager/operator to construct and operate above-ground Pipeline facilities in Collocation areas on DEV-owned generation property in Virginia.<sup>8</sup> The Microwave License Agreement allows Atlantic and its Pipeline agent/manager/operator to collocate, operate, and maintain communications equipment on DEV microwave towers sited on DEV-owned transmission property located along the Pipeline's route in West Virginia, Virginia, and North Carolina.<sup>9</sup> The Generation Easement Agreement allows Atlantic and its Pipeline agent/manager/operator to have an exclusive ingress and egress easement for the purpose of laying, building, operating, repairing, and maintaining above-ground Pipeline facilities, as well as access to "Temporary Pipeline Workspace Areas," located on DEV generation property for use during construction.<sup>10</sup> The Utility Pole Agreement allows Atlantic and its agent/manager/operator to remove/relocate DEV utility overhead distribution poles sited on DEV-owned or ROW distribution, transmission, or generation property located along the Pipeline's route in West Virginia, Virginia, and North Carolina.<sup>11</sup> The LOUs govern the construction and the operation of the Atlantic-owned meter and regulator ("M&R") stations at the Brunswick County and Greenville County Power Stations. Each LOU provides a detailed list of activities that Atlantic and/or DEV will undertake in relation to the construction and operation of the M&R Stations that Atlantic will own and maintain to transport natural gas to help fuel the Brunswick County and Greenville County Power Stations.<sup>12</sup>

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that the proposed Collocation Agreements, and the Exemption for the future Form Agreements, are in the public interest and, therefore, shall be approved subject to certain requirements listed in the Appendix attached to this Order. Staff proposed specific requirements to address concerns with Collocation access and pricing; rate, safety/service, and indemnification/insurance<sup>13</sup> safeguards; and the duration of the Exemption. DEV filed comments on Staff's proposals in a letter dated October 4, 2017. We adopt Staff's requirements and have considered DEV's comments thereon in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the proposed Collocation Agreements and the Exemption for the Form Agreements are approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

(1) The Commission's approval of the Collocation Agreements and the Exemption for the future Form Agreements shall be conditioned upon Atlantic's receipt of a CPCN from the FERC to construct and operate the Pipeline. The Applicants shall file a copy of the FERC's approval within thirty (30) days after it is received.

(2) The Exemption for the future Form Agreements shall extend for three (3) years from the effective date of the Order in this case. Other than an Exemption from the Affiliates Act filing and prior approval requirements, the future Form Agreements shall be subject to the same requirements listed herein as the other Collocation Agreements. The Commission may revoke the Exemption at any time it deems such revocation is in the public interest. Should the Applicants require the use of the future Form Agreements beyond the Exemption expiration date, separate Commission approval shall be required.

(3) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Collocation Agreements.

(4) DEV shall be required to maintain records on a prospective basis, which shall be available to Staff upon request, to document that DEV is providing non-discriminatory Collocation access to affiliates and non-affiliated third parties alike.

(5) DEV shall be required to maintain records on a prospective basis, which shall be available to Staff upon request, to document that DEV is charging non-discriminatory Collocation pricing to affiliates and non-affiliates alike. DEV shall bear the burden, in any rate proceeding, of demonstrating that: (a) all Collocation fees or rents charged by DEV to Atlantic are priced at fully distributed cost; and (b) that any costs incurred by DEV and reimbursed by Atlantic are reimbursed at fully distributed cost.

<sup>5</sup> Except for the Microwave License Agreement, which has a 20-year term, the Collocation Agreements do not have a specific expiration date but rather remain in effect for the life of the Pipeline. See Application at 18, Applicants' Response to Staff Data Request No. 31.

<sup>6</sup> Application at 2, 13-14, Attachment C. Applicants' Response to Staff Data Request No. 1.

<sup>7</sup> Application at 3, 14-15, Attachment D. Applicants' Response to Staff Data Request No. 2.

<sup>8</sup> Application at 3, 15-16, Attachment E. Applicants' Response to Staff Data Request No. 3.

<sup>9</sup> Application at 3, 16-19, Attachment F. Applicants' Response to Staff Data Request No. 4.

<sup>10</sup> Application at 3, 20-21, Attachment H. Applicants' Response to Staff Data Request No. 6.

<sup>11</sup> Application at 3, 20, Attachment G. Applicants' Response to Staff Data Request No. 5.

<sup>12</sup> Application at 3, 21-22, Confidential Attachments I and J. Applicants' Response to Staff Data Request No. 7.

<sup>13</sup> DEV stated that it is fully indemnified by Atlantic against any willful or negligent damage or liability caused by Atlantic or its agents, and that insurance coverage limits meet or exceed minimum required amounts. Affiliates Act approval, however, does not replace the obligations of DEV and Atlantic to determine and obtain appropriate levels of insurance and liability coverage.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) DEV shall be required to track separately all DEV-Atlantic Collocation Agreement cost-reimbursement transactions, which shall be available upon Staff's request, and to remove such expense and balance sheet items from its Virginia jurisdictional cost of service in all relevant DEV rate proceedings.

(7) The Commission shall require that any Pipeline worker that performs construction, operation, or maintenance service on DEV-owned or ROW property covered by the Collocation Agreements shall be qualified in accordance with the Virginia Enhanced Operator Qualifications for the service provided.

(8) The Commission shall require that any activities conducted pursuant to the Collocation Agreements approved in this case not compromise the safety and security of any DEV assets and personnel, and not compromise the provision of reliable electric service to Virginia customers.

(9) The Applicants hereby are required to add the following insurance provision to the Site Easement Agreement:

Grantee shall carry the following minimum levels of insurance and provide Grantor with appropriate certification: (a) to the extent Grantee has employees, statutory Workers' Compensation and Employers' Liability with limits of no less than \$1,000,000 or a state certified self-insurance program covering such liability; (b) Commercial or Comprehensive General Liability and Excess insurance (including Contractual Liability) with combined limits of not less than \$5,000,000 Bodily and other Personal Injury and Property Damage Combined Single Limit; (c) Automobile Liability insurance covering all owned, non-owned, hired, and rented equipment with limits of liability of not less than \$1,000,000 Bodily Injury and Property Damaged Combined Single Limit; provided, however, that the foregoing minimum levels shall be increased from time to time as appropriate.

(10) The Commission's approval shall be limited to the Collocation activities and transactions specifically described in the Collocation Agreements. Should the Applicants wish to engage in additional activities or transactions, separate Commission approval shall be required.

(11) Separate Commission approval shall be required for any changes in the terms and conditions of the Collocation Agreements, including any changes in fees or rents, cost-reimbursement practices, pricing, or successors or assigns.

(12) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(13) The Commission may examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(14) DEV shall file with the Commission signed and executed copies of the approved LOU Collocation Agreements within 180 days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(15) All signed and executed copies of the exempt future Form Agreements shall be included in DEV's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's UAF Director on May 1 of each year, subject to administrative extension by the UAF Director.

(16) All transactions under the approved Collocation Agreements shall be included in DEV's ARAT, submitted to the Commission's UAF Director on May 1 of each year, subject to administrative extension by the UAF Director, and shall contain the following information:

- (a) The most recent case number under which the Collocation Agreements including the future Form Agreements were approved;
- (b) The name and type of each Atlantic activity allowed by DEV under the approved Collocation Agreements;
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior calendar year's transactions by month, type of activity, FERC account, and dollar amount; and
- (d) A summary report of the prior calendar year's affiliated and non-affiliated Collocations on DEV ROWs: (a) by counterparty; (b) by Collocation type; (c) by location; (d) by cost; (e) by terms and conditions; and (f) by pricing.

(17) In the event that any relevant DEV rate proceedings are not based on a calendar year, then DEV shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUR-2017-00107**  
**SEPTEMBER 28, 2017**

JOINT APPLICATION OF  
 CROWN CASTLE INTERNATIONAL CORP., CROWN CASTLE OPERATING COMPANY,  
 LTS GROUP HOLDINGS MERGER SUB, INC., LTS GROUP HOLDINGS LLC,  
 and  
 LIGHTTOWER FIBER NETWORKS II, LLC

For approval of a transfer of control pursuant to Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On August 2, 2017, Crown Castle International Corp. ("CCIC"), Crown Castle Operating Company ("CCOC"), LTS Group Holdings Merger Sub, Inc. ("Merger Sub"), LTS Group Holdings LLC ("LTS"), and Lighttower Fiber Networks II, LLC ("LFN II") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> requesting approval of a transfer of control of LFN II to CCIC ("Proposed Transfer"). The Application was accompanied by the filing of a Motion for Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Motion").

LFN II is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>2</sup> CCIC, through CCOC, controls and operates wholly owned subsidiaries authorized to provide telecommunications services in 45 states, including four subsidiaries issued certificates by the Commission to provide telecommunications services in Virginia.<sup>3</sup> Pursuant to an Agreement and Plan of Merger dated July 18, 2017, the Applicants will complete a series of mergers, including that of Merger Sub with and into LTS, with LTS as the surviving entity. As a result, LFN II will become an indirect wholly owned subsidiary of CCOC, and ultimately CCIC.

The Applicants state that after the consummation of the Proposed Transfer, LFN II will continue to have the financial, managerial, and technical resources necessary to provide telecommunications services under ownership and control of CCIC. In support thereof, the Applicants state that LFN II's experienced management and employees will continue to support telecommunications operations while being supported by the management and financial resources of Crown Castle. Further, the Applicants state that LFN II will continue to provide services to its existing customers at the same rates, terms, and conditions of services as are currently in effect.

NOW THE COMMISSION, upon consideration of the matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>4</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.
- (3) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

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<sup>1</sup> Code § 56-88 *et seq.*

<sup>2</sup> See *Application of Lighttower Fiber Networks II, LLC, For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change*, Case No. PUC-2015-00002, 2015 S.C.C. Ann. Rep. 153, Order Reissuing Certificates (Feb. 24, 2015).

<sup>3</sup> Application at 2-3. CCIC with all subsidiaries are referred to collectively as "Crown Castle."

<sup>4</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00108  
DECEMBER 14, 2017**

APPLICATION OF  
MECKLENBURG ELECTRIC COOPERATIVE

For approval of prepaid electric service tariff

**ORDER ON APPLICATION**

On August 9, 2017, Mecklenburg Electric Cooperative ("MEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to § 56-247.1 A 7 of the Code of Virginia ("Code") requesting approval of a proposed voluntary Prepaid Electric Service tariff ("Prepaid Service"). According to the Application, Prepaid Service would allow MEC to install and operate, upon a consumer's request (and pursuant to an appropriate tariff for any type of classification of service), the equipment and processes necessary to allow a consumer to pre-pay for electric service.<sup>1</sup>

On September 5, 2017, the Commission issued an Order for Notice and Comment in this proceeding that, among other things, docketed this proceeding; directed MEC to provide public notice of its Application; ordered the Commission's Staff ("Staff") to investigate and file a report containing the Staff's findings and recommendations; and provided opportunities for interested persons to comment, request a hearing on the Application, or participate in this proceeding as respondents.<sup>2</sup>

On November 3, 2017, Staff filed its Staff Report in which it made a number of recommendations regarding the Cooperative's Application. The Staff Report recommended that MEC be directed to: (1) file a report including the items found in Attachment DJD-1 (attached hereto) on an annual basis from the date on which its Prepaid Service program is first available to customers; (2) include the costs and revenues associated with Prepaid Service in the cost of service studies of future rate filings; (3) work with Staff to formulate customer education materials prior to offering Prepaid Service to its customers; and (4) address offering in-home displays ("IHDs") to customers receiving service under the Prepaid Service tariff.<sup>3</sup>

Staff further recommended that MEC amend Section V.C.1 of Appendix C of its Terms and Conditions to include all methods available to customers for obtaining account balance information and amend Section V.D.1 of Appendix C to include specific language regarding contemporaneous notifications of low balance to a third-party designated by the customer as discussed on page 5 of the Application and in the section titled "Notification of Low Balance" on page 2 of Schedule PE.<sup>4</sup>

On November 17, 2017, MEC filed its response to the Staff Report. In its response, MEC stated that it would comply with the Staff recommendation regarding the annual reporting requirement.<sup>5</sup> MEC further stated that it would comply with Staff's recommendations regarding inclusion of the prepaid program in the preparation of a cost of service study in association with future rate filings, as well as Staff's requirement to work with Staff on formulating customer education materials.<sup>6</sup> MEC stated that it was unclear regarding Staff's recommendation to address offering IHDs to its customers receiving service under the Prepaid Service tariff. The Cooperative states that it expressed its opinion on the question of making IHDs available to prepaid service customers in response to a Staff interrogatory and believes that the cost of IHDs outweigh the benefits they provide.<sup>7</sup>

NOW THE COMMISSION, upon consideration of the Application, the Staff Report and applicable statutes, finds as follows:

Section 56-247.1 A 7 of the Code expressly allows an electric cooperative such as MEC to provide certain prepaid electric service. Specifically, the statute states as follows:

[The Cooperative] may install and operate, upon a customer's request and pursuant to an appropriate tariff for any type or classification of service, a prepaid metering equipment and system that is configured to terminate electric service immediately and automatically when the customer has incurred charges for electric service equal to the customer's prepayments for such service.<sup>8</sup>

This statute further mandates that "[s]uch tariffs shall be filed with the Commission for its review and determination that the tariff is not contrary to the public interest."<sup>9</sup>

<sup>1</sup> Application at 1; Prefiled Direct Testimony of David H. Lipscomb at 2.

<sup>2</sup> No notices of participation or public comments were filed in this proceeding.

<sup>3</sup> Staff Report at 9-10.

<sup>4</sup> *Id.* at 10.

<sup>5</sup> Response to Staff Report at 2.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 2-3.

<sup>8</sup> Code § 56-247.1 A 7.

<sup>9</sup> *Id.*



We find that MEC's tariff for Prepaid Service is not contrary to the public interest, provided the Cooperative incorporates the recommendations in the Staff Report. Specifically, MEC shall: (1) file a report including the items found in Attachment DJD-1 (attached hereto) on an annual basis from the date on which its Prepaid Service program is first available to customers; (2) include the costs and revenues associated with Prepaid Service in the cost of service studies of future rate filings; (3) work with Staff to formulate customer education materials, to ensure accuracy and clarity, prior to offering Prepaid Service to its customers; (4) amend Section V.C.1 of Appendix C of the Cooperative's Terms and Conditions to include all methods available to customers for obtaining account balance information; and (5) amend Section V.D.1 of Appendix C of the Cooperative's Terms and Conditions to include specific language regarding contemporaneous notifications of low balance to a third-party designated by the customer as discussed on page 5 of the Application and in the section titled "Notification of Low Balance" on page 2 of Schedule PE.

With regard to IHDs, the Commission finds that MEC will be required to offer members choosing prepaid electric service an IHD unit, with this requirement being suspended pending further review and action by the Commission after the receipt of one or more annual reports. MEC shall include in the annual report, discussed above, sufficient data to perform a cost-benefit analysis of deploying IHD units.

Accordingly, IT IS ORDERED THAT:

- (1) MEC's Application is approved as modified herein.
- (2) The Cooperative shall file the Prepaid Service tariff approved herein with the Clerk of the Commission no less than thirty (30) days prior to offering Prepaid Service to customers. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (3) This matter is continued pending further order of the Commission.

NOTE: A copy of Attachment DJD-1 is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUR-2017-00110  
OCTOBER 17, 2017**

JOINT APPLICATION OF  
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,  
ANGD, LLC,  
and  
UTILITY PIPELINE, LTD.

For approval of affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On August 24, 2017, Appalachian Natural Gas Distribution Company ("Distribution"), ANGD, LLC, and Utility Pipeline, Ltd. ("UPL") (collectively, "Applicants"), filed a complete application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> which requests approval of a new employment agreement ("New Agreement") between Mr. John Ebert and UPL pursuant to Requirement No. 7 of the Appendix to the Commission's March 23, 2017 Order Granting Approval in Case No. PUE-2016-00115<sup>2</sup> approving UPL's recent corporate restructuring.<sup>3</sup> The Commission approved a previous agreement ("Previous Agreement") between Mr. Ebert and UPL in Case No. PUE-2016-00041.<sup>4</sup> The Applicants also filed a Motion for Entry of a Protective Order ("Motion") pursuant to Rules 110 and 170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-110 and 5 VAC 5-20-170.

The New Agreement, which was executed on April 18, 2017, has a two-year initial term and will automatically renew for successive one-year terms until terminated. The New Agreement describes Mr. Ebert's duties and responsibilities, base compensation, incentive compensation, fringe benefits, and business expense reimbursement, as well as conditions for employment and termination. Mr. Ebert will continue to serve as President of Distribution and its affiliate, Bluefield Gas Company, and as an officer of UPL. His job title will change from Executive Vice-President of UPL to Executive Vice-President-South. The New Agreement also includes a modest increase in base salary. Overall, the Applicants represent that the New Agreement is substantively similar to the Previous Agreement and that Mr. Ebert's continued provision of managerial services will ensure that Distribution serves its customers in an efficient and cost-effective manner.

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> *Joint Petition of Appalachian Natural Gas Distribution Company; ANGD LLC; Utility Pipeline Holding Company, LLC; and Utility Pipeline, Ltd., For approval of change of control under Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00115, Doc. Con Cen. No. 170330013, Order Granting Approval (Mar. 23, 2017).

<sup>3</sup> Requirement No. 7 reads: "The Petitioners shall provide verifiable evidence that Mr. Ebert's employment agreement has not changed or, alternatively, file for Affiliates Act approval of Mr. Ebert's new employment agreement within 120 days of the Transfer closing date."

<sup>4</sup> *Application of Appalachian Natural Gas Distribution Company, ANGD LLC and Utility Pipeline, LTD., For approval of an application under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00041, 2016 S.C.C. Ann. Rept. 397, Order Granting Approval (July 6, 2016).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through its action brief, is of the opinion and finds that the proposed New Agreement is in the public interest and should be approved subject to the requirements set forth in the Appendix attached hereto. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the proposed New Agreement is approved subject to the requirements outlined in the Appendix attached hereto.

(2) The Applicants' Motion is denied; however, the Clerk of the Commission is directed to retain the confidential information to which the Motion pertains under seal.

(3) This case is dismissed.

## APPENDIX

(1) The Commission shall extend its approval of the New Agreement for five years from the effective date of this order. Should the Applicants wish to continue the New Agreement after that period, further Commission approval shall be required.

(2) The Commission's approval of the New Agreement shall have no ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the New Agreement.

(3) The Commission shall limit its approval to the specific duties and services identified in the New Agreement. Should Distribution wish to obtain additional duties and services from Mr. Ebert, separate approval shall be required.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the New Agreement, including changes in compensation, successors or assigns.

(5) Separate Commission approval shall be required in the event that Mr. Ebert were to perform duties and services for Distribution on behalf of an affiliated entity other than UPL.

(6) Distribution shall develop and maintain records to demonstrate that the New Agreement remains cost beneficial to Virginia ratepayers. Such records shall be made available for Staff's review upon request. Distribution shall bear the burden of proving, in any annual informational filing or base rate proceeding, that it paid the lower of cost or market under the New Agreement.

(7) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of § 56-78 and § 56-80 of the Code hereafter.

(8) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(9) Petitioners shall file with the Commission an executed copy of the New Agreement within sixty (60) days of its execution.

(10) Distribution shall be required to include all transactions associated with the New Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall report all approved New Agreement transactions by:

- (a) Case number;
- (b) Parties to the transaction(s);
- (c) Description of service(s) and transaction(s); and
- (d) Account(s) and amount(s) booked by Distribution each month.

<sup>5</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00111  
NOVEMBER 20, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION ENERGY KEWAUNEE, INC.,  
DOMINION ENERGY NUCLEAR CONNECTICUT, INC.,  
DOMINION PRODUCTS AND SERVICES, INC.,  
DOMINION ENERGY TECHNICAL SOLUTIONS, INC.,  
DOMINION ENERGY TRANSMISSION, INC.

For approval of revised affiliate support services agreements and future exemptions pursuant to Va. Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On August 24, 2017, Virginia Electric and Power Company ("DEV" or "Company"), Dominion Energy Kewaunee, Inc., Dominion Energy Nuclear Connecticut, Inc., Dominion Products and Services, Inc. ("DPS"), Dominion Energy Technical Solutions, Inc., and Dominion Energy Transmission, Inc. ("DETI") (excluding DEV, collectively, "Affiliates," and including DEV, collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> for approval of revised affiliate support services agreements ("Revised Support Services Agreements") and continued future exemptions for other affiliates not identified in the Application ("Future Affiliates") that would be billed less than \$500,000 per service per year or \$2 million in total per year for support services provided by DEV. Concurrent with the filing of the Application, DEV filed a motion for entry of a protective ruling to govern the treatment of confidential information in this case ("Motion").

The Applicants state that the instant Application was filed in accordance with Ordering Paragraphs (3) and (7) of the May 11, 2012 Order Granting Approval issued by the Commission in Case No. PUE-2012-00018 ("PUE-2012-00018 Order"),<sup>2</sup> and Ordering Paragraph (2) of the October 21, 2016 Order issued by the Commission in Case No. PUE-2016-00091 ("PUE-2016-00091 Order").<sup>3</sup> In the PUE-2012-00018 Order, the Commission, in part, granted approval of certain affiliate support services agreements for a five-year period ending December 31, 2017. In that Order, the Commission found that subsequent approval would be required to continue operating under the affiliate support services agreements after the five-year period ended. In the PUE-2016-00091 Order, the Commission, in part, granted approval of certain revised services agreements through December 31, 2017, to allow the Company to provide security-related services under the Business Services category ("Security Business Services") to DETI.

Except for the three changes described below, the Applicants state that DEV will continue to provide the same support services to its Affiliates and that no other substantive changes to the current affiliate support services agreements are proposed.<sup>4</sup> First, the Applicants propose to include the Security Business Services in each of the Revised Support Services Agreements. Second, the Applicants propose resetting the starting date of the affiliate support services agreements from January 1, 2013, to January 1, 2018. Third, the Applicants propose a different term provision for the Revised Support Services Agreement with DPS as a result of DPS entering into an agreement to sell its home warranty contract business to HomeServe USA ("HomeServe"). Rather than allowing termination upon 60 days' written notice, the Applicants state that a firm five-year term is requested to provide a level of assurance to HomeServe that the Revised DPS Support Services Agreement will stay in effect for its duration and not be terminated before the end of its five-year term. The Applicants also are requesting that the Commission continue its Affiliates Act exemption of Future Affiliates that would be billed less than \$500,000 per service per year or \$2 million in total services per year, so long as the Future Affiliates execute the Revised "Form" Support Services Agreement ("Revised Form Agreement").<sup>5</sup>

NOW THE COMMISSION, upon consideration of this matter and having being advised by its Staff, is of the opinion and finds that the Applicants' requests for approval of the Revised Support Services Agreements, for approval of the Revised Form Agreement, and for approval to continue to receive exemptions from the filing and prior approval requirements of the Affiliates Act for Future Affiliates that would be billed less than \$500,000 per service per year or \$2 million in total services per year so long as the Future Affiliates execute the Revised Form Agreement, is in the public interest and should be approved subject to the requirements listed in the Appendix attached to this Order.

Regarding HomeServe's pending acquisition of DPS' home warranty contract business, we will require any prospective home warranty contract services provided by HomeServe to DEV's Virginia customers to be in compliance with the applicable provisions of the Code. We will also require that any marketing materials provided to DEV's Virginia customers clearly indicate that: (1) HomeServe is providing the home warranty contract services; (2) the home warranty contract services are optional; and (3) DEV, the Virginia utility, has no direct involvement in, and bears no responsibility for, any acts or claims relating to or arising out of the provision of home warranty contract services.

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> See *Application of Virginia Electric and Power Company and Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Products and Services, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., For approval of Affiliate Support Services Agreements and future exemptions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00018, 2012 S.C.C. Ann. Rept. 408, Order Granting Approval (May 11, 2012).

<sup>3</sup> See *Application of Virginia Electric and Power Company and Dominion Transmission, Inc., For approval of amended Affiliate Support Services Agreement, and an amended "Form" Affiliate Support Services Agreement, under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00091, Doc. Con. Cen. No. 161030077, Order (Oct. 21, 2016).

<sup>4</sup> The Revised Support Services Agreements also reflect recent name changes of Dominion Energy, Inc., and several of its subsidiaries.

<sup>5</sup> The proposed Revised Form Agreement also reflects the recent name changes of Dominion Energy, Inc., and several of its subsidiaries and includes the Security Business Services category.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In addition, as the Commission previously found in Case No. PUE-2016-00091, there are potential risks and controversy surrounding the provision of armed protective services by the Company to its Affiliates. The Commission will continue to require specific reporting regarding DEV's provision of armed protective services to its affiliates as described in the Appendix, and we reserve the right to revisit the inclusion of such services in the Business Services category at any time pursuant to our authority under § 56-80 of the Code.

Finally, the Commission finds the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>6</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval to enter into the Revised Support Services Agreements and Revised Form Agreement, subject to the requirements set forth in the Appendix attached to this Order.

(2) Pursuant to § 56-77 B of the Code, the Applicants hereby are granted the requested exemption from the filing and prior approval requirements of the Affiliates Act with Future Affiliates that would be billed less than \$500,000 per service per year or \$2 million in total services per year, so long as the Future Affiliates execute the Revised Form Agreement and subject to the requirements set forth in the Appendix attached to this Order.

(3) The Applicants' Motion is denied as moot; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

## APPENDIX

(1) The Commission's approval of the Revised Support Services Agreements and the Revised Form Agreement shall be effective as of January 1, 2018, and shall extend for five (5) years from the effective date, through December 31, 2022. Should the Applicants wish to continue under the Revised Affiliate Services Agreements and/or continue the Revised Form Agreement beyond the five-year period, separate Commission approval shall be required.

(2) The approval granted herein is conditioned on the Applicants' verification,<sup>7</sup> as required herein, that any home warranty contract services provided to DEV's customers shall be in compliance with any and all applicable provisions of the Code regarding the establishment, licensing, operation, or marketing of home warranty contract companies in the Commonwealth of Virginia.

(3) Any marketing material sent to DEV's Virginia customers should clearly indicate that: (a) HomeServe is providing the home warranty programs and is unaffiliated with DEV; (b) any such programs offered by HomeServe are optional; and (c) DEV has no direct involvement in, and bears no legal responsibility for, the home warranty programs.

(4) DEV shall monitor billings for transactions for which the requested exemption from the filing and prior approval requirements is granted in this case to ensure that, if it appears as though billings will exceed \$500,000 for any one service or \$2 million in total, an application is filed with the Commission for approval under the Affiliates Act prior to such billings actually exceeding \$500,000 for any one service or \$2 million in total.

(5) The Commission reserve the right to revoke the exemption granted in this case at any time that such revocation is deemed to be in the public interest.

(6) The Commission requires DEV to provide Business Services to its Affiliates and/or Future Affiliates without compromising the security of any DEV assets and personnel and without compromising the provision of reliable electric service to customers.

(7) The Commission's approval shall be limited to the specific services identified in the Revised Support Services Agreements and the Revised Form Agreement. Should DEV wish to provide additional services for its Affiliates, other than those specifically identified in the Revised Support Services Agreements and Revised Form Agreement, separate Commission approval shall be required. DEV shall be required to seek separate Commission approval of any changes to the selected services provided to Future Affiliates by DEV under each Revised Form Agreement.

(8) DEV shall be required to provide written notice to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") within fifteen (15) days of any election, by either DEV or the Affiliates, of new services not currently selected in each of the respective Revised Support Services Agreements, regardless of the cost of such services. In each case where new services are selected, DEV shall include that information in its ARAT.

(9) Separate Affiliates Act approval shall be required for any of the Affiliates to receive additional services from DEV through the engagement of any affiliated third parties under the Revised Support Services Agreements.

(10) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Support Services Agreements, including changes to any allocation methodologies, service category descriptions, and successors or assigns.

(11) The Commission's approval shall have no ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of any costs directly or indirectly related to the Revised Support Services Agreements.

<sup>6</sup> The Commission has not received any request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

<sup>7</sup> The Applicants' verifications shall be provided in DEV's Annual Report of Affiliate Transactions ("ARAT") in similar form as directed by the Commission in Case Nos. PUE-2015-00032, PUE-2015-00051, and PUE-2016-00084.

(12) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(13) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(14) DEV shall be required to maintain records demonstrating that the services provided to its Affiliates are cost beneficial to Virginia ratepayers. For all services provided by DEV to its Affiliates where a market may exist, DEV shall investigate whether there are alternative sources from which it could provide such services. If an alternative source exists, DEV shall compare the market price to the Affiliates' charges and charge the higher of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. DEV shall bear the burden of proving, in any rate proceeding, that DEV charged the Affiliates the higher of cost or market for all services provided under the Revised Support Services Agreements.

(15) The Applicants shall file with the Commission signed and executed copies of each of the Revised Support Services Agreements within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

(16) All transactions between the Affiliates/Future Affiliates and DEV under the Revised Support Services Agreements shall be included in DEV's ARAT, submitted to the Commission's UAF Director on May 1 of each year, subject to administrative extension by the UAF Director, and shall include the following information:

- (a) The most recent case number under which the Revised Support Services Agreement was approved;
- (b) The name and type of activity performed by each Affiliate/Future Affiliate under the Revised Support Services Agreement;
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books); and
- (d) In each instance in which armed protective services is provided, the Company shall identify (i) the affiliate to which the service was provided; (ii) the basis for the need for armed protective services; (iii) the number of employees providing armed protective services; and (iv) the cost charged to the affiliate.

(17) All requirements regarding the Revised Support Services Agreements between DEV and the Affiliates shall also apply to transactions between DEV and Future Affiliates to which the exemption from the filing and prior approval requirements under the Affiliates Act applies.

(18) Signed and executed copies of all agreements involving Future Affiliates and DEV, for which an exemption from the filing and prior approval requirement is granted in this case, shall be submitted with DEV's ARAT. In the event that any rate filings are not based on a calendar year, DEV shall include the affiliate information contained in its ARAT in such filing.

**CASE NO. PUR-2017-00112  
NOVEMBER 8, 2017**

JOINT PETITION OF  
PLANT HOLDINGS, INC.,  
AIRBUS DS COMMUNICATIONS OF VIRGINIA, INC.,  
and  
MOTOROLA SOLUTIONS, INC.

For approval of a transfer of control pursuant to Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On October 5, 2017, Plant Holdings, Inc. ("Plant Holdings"), and its wholly owned subsidiary, Airbus DS Communications of Virginia, Inc. ("Airbus DS Virginia"), and Motorola Solutions, Inc. ("Motorola") (collectively, "Petitioners"),<sup>1</sup> completed the filing of a joint petition ("Petition") with the Commission pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> requesting approval of an indirect transfer of control of Airbus DS Virginia to Motorola ("Proposed Transfer"). The Application was accompanied by the filing of a Motion for Confidential Treatment pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Motion").

Airbus DS Virginia is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>3</sup> Motorola, a provider of communication infrastructure, devices, software, and services, represents that the acquisition of Airbus DS Virginia will allow Motorola to better meet the needs of public safety agencies by offering improved

<sup>1</sup> Airbus SE, Airbus Group, Inc., and Airbus Defense and Space, Inc., are also considered Petitioners and have provided the statutorily required verifications.

<sup>2</sup> Code § 56-88 *et seq.*

<sup>3</sup> See *Application of Airbus DS Communications of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2016-00019, 2016 S.C.C. Ann. Rep. 171, Final Order (July 26, 2016).

9-1-1 emergency services. On July 27, 2017, the Petitioners entered into an agreement whereby Airbus DS Virginia will become an indirect wholly owned subsidiary of Motorola. Specifically, the Petitioners state that Motorola will acquire from Airbus Defense and Space, Inc., 100% of the shares of Plant Holdings, which will remain the parent company of Airbus Communications DS, Inc., the parent company of Airbus DS Virginia.

The Petitioners state that Airbus DS Virginia will continue to operate under the direction of its existing management team and that it does not anticipate any changes after completion of the Proposed Transfer. The Petitioners further represent that Airbus DS Virginia will continue to have the financial, technical, and managerial resources necessary to provide telecommunications services under Motorola's ownership. In support of the Petition, the Petitioners provided Motorola's annual report and financial statements.

NOW THE COMMISSION, upon consideration of the matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.<sup>4</sup>

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the transfer, which shall note the date the transfer occurred.
- (3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (4) This case is dismissed.

<sup>4</sup> The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00118  
NOVEMBER 3, 2017**

APPLICATION OF  
APPALACHIAN POWER COMPANY

For authority to issue and sell secured and unsecured promissory notes under Chapter 3 of Title 56

**ORDER GRANTING APPROVAL**

On September 15, 2017, Appalachian Power Company ("APCo") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia ("Code"), seeking authority to issue and sell, from time to time through December 31, 2019, secured and unsecured promissory notes in the aggregate principal amount equal to, on the date or dates of issuance, up to \$700 million. Additionally, APCo requests authority to utilize and enter into one or more interest rate hedging arrangements to protect against future interest rate movements. Furthermore, APCo requests authority to use interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMA"). APCo paid the requisite fee of \$250.

APCo proposes to issue and sell secured and unsecured promissory notes ("Notes") up to the aggregate principal amount of \$700 million from time to time through December 31, 2019. The Notes may be issued in the form of Senior Notes, Senior or Subordinated Debentures, First Mortgage Bonds, Bank Credit Revolver Loans, or other unsecured promissory notes. Within certain limitations, APCo requests flexibility to select specific terms and conditions for the Notes based on market conditions at the time of issuance. The Notes will have maturities of not less than 9 months and not more than 60 years. The interest rates may be fixed or variable. APCo intends to sell the Notes (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. APCo estimates that the underwriting costs for the Notes will be approximately 1% of the principal amount, or roughly \$7 million. In addition, APCo estimates that other issuance costs for the Notes will be approximately \$2 million. APCo represents that the proceeds from the sale of the Notes, together with any other funds that may become available to APCo, will be used to redeem directly or indirectly long-term debt, to repay short-term debt at or prior to maturity, to reimburse APCo's treasury for expenditures incurred in connection with its construction program, and for other corporate purposes.

APCo also requests authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes. Such hedging arrangements may include, but not be limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Treasury Hedge Agreements"). All Treasury Hedge Agreements will correspond to the underlying amount of one or more of the Notes. Therefore, the cumulative notional amount of the Treasury Hedge Agreements will not exceed the corresponding face amount of the Notes issued.

<sup>1</sup> Code § 56-55 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Finally, APCo requests a continuation of the authority, which has been granted in other Commission Orders,<sup>2</sup> to use interest rate management techniques and enter into IRMAs through December 31, 2019. The IRMAs will consist of interest rate swaps, caps, collars, floors, options, hedging forwards or futures, or any similar products designed and used to manage and minimize interest costs. APCo expects to enter into IRMAs with counterparties that are highly rated financial institutions. IRMAs may be designed to manage interest costs of any outstanding APCo debt; however, APCO's request limits the aggregate notional amount of IRMAs outstanding to 25% of APCo's total debt outstanding, including pollution control revenue bonds.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) APCo hereby is authorized under Chapter 3 to issue and sell up to an aggregate principal amount of \$700 million of Notes from time to time through December 31, 2019, for the purposes and under the terms and conditions set forth in the Application.

(2) APCo is authorized to enter into Treasury Hedge Agreements for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed the value of underlying Notes.

(3) APCo hereby is authorized to enter into IRMAs through December 31, 2019, for the purposes set forth in its Application and to the extent that the aggregate notional amount outstanding does not exceed 25% of APCo's total outstanding debt obligations.

(4) APCo shall not enter into any IRMA or Treasury Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.

(5) APCo shall file with the Clerk of the Commission a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of the issue, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(6) APCo shall file with the Clerk of the Commission, in this docket, a preliminary Report of Action within ten (10) days after it enters into any Treasury Hedge Agreement or IRMA pursuant to Order Paragraphs (2) and (3) to include: the beginning and, if established, ending dates of the agreement; the notional amount; the underlying securities on which the agreement is based; an explanation of the general terms of the agreement that explain how the payment obligation is determined and when it is payable; and a calculation of the cumulative notional amount of all outstanding IRMAs as a percent of total debt outstanding.

(7) Within sixty (60) days after the end of each calendar quarter in which any security is issued pursuant to this Order, APCo shall file with the Clerk of the Commission a more detailed Report of Action to include: the type of security issued; the date and amount of each series; the interest rate and yield; the maturity date; the net proceeds to APCo; an itemized list of expenses to date associated with each issue; a description of how the proceeds were used; an analysis demonstrating the cost savings from the Notes used to refund existing debt; a list of all Hedging Agreements and IRMAs associated with the debt issued, and a balance sheet reflecting the actions taken.

(8) APCo's Final Report of Action shall be due on or before March 1, 2020, to include the information required in Order Paragraph (7) in a cumulative summary of actions taken during the period authorized.

(9) APCo shall submit a report to the Commission's Division of Utility Accounting and Finance should its exercise of the authority granted herein contribute to a decline in APCo's bond rating below investment grade. Such report shall be submitted within thirty (30) days of a decline below an investment grade bond rating from any agency, and the report shall outline APCo's plans and actions to restore an investment grade bond rating.

(10) Approval of the Application shall have no implications for ratemaking purposes.

(11) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

<sup>2</sup> *Application of Appalachian Power Company, For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00108, 2014 S.C.C. Ann. Rept. 490, Order Granting Authority (Dec. 12, 2014); *Application of Appalachian Power Company, For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia*, Case No. PUE-2016-00006, 2016 S.C.C. Ann. Rept. 354, Order Granting Authority (April 14, 2016).

**CASE NO. PUR-2017-00121  
DECEMBER 8, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY  
and  
AEP APPALACHIAN TRANSMISSION CO., INC.

For approval pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Va. Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On October 10, 2017, Appalachian Power Company ("APCo") and AEP Appalachian Power Transmission Company, Inc. ("AEP Transco") (collectively, "Petitioners"), completed its petition ("Petition") to the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> of a one-time transfer ("Transfer") of certain materials, supplies, parts, and equipment (collectively "Transmission Assets") from APCo to AEP Transco.<sup>2</sup> The Petitioners initially filed an Affiliated Transactions Agreement for Sharing Specific Transmission Assets ("Agreement") as an exhibit ("Exhibit 2") supporting the Petition. On November 1, 2017, the Petitioners filed a Motion to Withdraw Exhibit from Petition for Approval ("Motion").

The Petitioners state that the Transmission Assets represent surplus inventory from a recent APCo transmission project located near Cloverdale, Virginia (the "Cloverdale 500 kV Project"). As a result of design and construction modifications during the Cloverdale 500 kV Project, APCo has no further use for the Transmission Assets while AEP Transco seeks to use them for its transmission project near Nagel, Tennessee. The Petitioners propose to transfer the Transmission Assets at cost, which is estimated to total approximately \$350,543.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff through Staff's action brief, grants the Petitioners' Motion and finds that the proposed Transfer is in the public interest. Therefore, the proposed Transfer shall be approved subject to the requirements listed in the Appendix attached to this Order.<sup>3</sup>

Accordingly, IT IS ORDERED THAT:

- (1) The Petitioners' Motion is granted.
- (2) Pursuant to § 56-77 of the Code, the proposed Transfer is approved subject to the requirements listed in the Appendix attached to this Order.
- (3) This case is dismissed.

APPENDIX

(1) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Transfer.

(2) The consideration for the Transfer shall be APCo's fully distributed cost.

(3) The Petitioners shall file a Report of Action ("Report") within sixty (60) days after the consummation of the Transfer. The Report shall include: (1) the effective date of the Transfer; (2) APCo's actual accounting entries (including any tax-related entries) to record the Transfer; and (3) a schedule of the actual Transmission Assets transferred, by asset description, quantity, and dollar amount. The Transfer accounting entries shall be in accordance with the Uniform System of Accounts for electric utilities.

(4) The Transfer transaction shall be included in APCo's next Annual Report of Affiliate Transactions, submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> Petitioners filed their initial incomplete petition with the Commission on September 19, 2017. Petitioners filed the necessary verifications on October 10, 2017, making the Petition complete. *Petition of Appalachian Power Company, et al., For approval pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Va. Code § 56-76 et seq., Case No. PUR-2017-00121, Doc. Con. Cen. No. 171030040, Verifications Supporting Petition and Updated Draft Agreement (filed Oct. 10, 2017).*

<sup>3</sup> Our approval of the proposed Transfer of the Transmission Assets to AEP Transco for use as part of the Nagel Project in Nagel, Tennessee, is consistent with our prior order restricting transmission affiliates of APCo from constructing, owning, or providing transmission service in Virginia. *Application of Appalachian Power Company, for authority to enter into affiliate transactions under Chapter 4 of Title 56 of the Code of Virginia, Case No. PUE-2011-00125, 2012 S.C.C. Ann. Rept. 338, Order (Feb. 27, 2012), amended, 2012 S.C.C. Ann. Rept. 340, Order on Reconsideration (May 3, 2012) and 2013 S.C.C. Ann. Rept. 229, Order Granting Motion (Apr. 24, 2013).*



**CASE NO. PUR-2017-00122  
DECEMBER 19, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
and  
SEQUENT ENERGY MANAGEMENT, L.P.

For approval of an Asset Management Agreement under Chapter 4, Title 56 of the Code of Virginia

**ORDER**

On September 20, 2017, Virginia Natural Gas, Inc. ("VNG" or "Company"), and Sequent Energy Management, L.P. ("Sequent") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4, Title 56 of the Code of Virginia ("Code"),<sup>1</sup> seeking approval of a revised Asset Management and Agency Agreement ("AMAA") and revised Gas Purchase and Sale Agreement ("GPSA") (collectively, "2018 Agreements"), under which Sequent will continue to provide gas supply and asset management services to VNG.<sup>2</sup>

Concurrent with the Application, the Applicants filed a Motion for Leave to File Out of Time and a Motion for the Entry of a Protective Order.

VNG is a Virginia public service company providing local distribution natural gas service to residential, commercial, and industrial customers in its service territory in Virginia. Sequent, headquartered in Houston, Texas, provides natural gas supply and asset management and related logistical services to customers throughout the United States. VNG and Sequent are wholly owned subsidiaries of Southern Company Gas (formerly AGL Resources, Inc. ("AGLR")), which became a wholly owned subsidiary of The Southern Company ("Southern") pursuant to the merger between Southern and AGLR that was approved in the Commission's Final Order in Case No. PUE-2015-00113.<sup>3</sup>

Pursuant to the 2018 Agreements, Sequent will continue to act as VNG's agent and will provide gas supply and asset management services with respect to VNG's portfolio of gas supply, transportation, and storage assets ("VNG Assets").<sup>4</sup> The Applicants state that if the 2018 Agreements are approved, Sequent will continue to procure gas on VNG's behalf "based on VNG's logical dispatch plan and will continue to seek ways to create value from idle VNG Assets and share that value with VNG's customers."<sup>5</sup> The Applicants represent that the only change proposed in the instant filing is a modification to the term of the AMAA and GPSA to a four-year term expiring on March 31, 2022.<sup>6</sup> The Applicants state that the modified effective term of the 2018 Agreements "is appropriate and necessary to allow the Applicants to continue the energy services arrangement and evaluate the impact that the Atlantic Coast Pipeline ("ACP") may have on this arrangement once the ACP begins service," including any pricing and sharing terms.<sup>7</sup> The Applicants state that the 2018 Agreements maintain the annual guaranteed minimum payment from Sequent to VNG as well as its current sharing mechanism approved by the Commission in Case No. PUE-2015-00016.<sup>8</sup> The Applicants assert that the 2018 Agreements are in the public interest because economies of scale and other business efficiencies can be achieved "[b]y continuing to obtain gas supply and asset management services from a consolidated source with the experience and resources of Sequent."<sup>9</sup>

On December 1, 2017, Enspire Energy, LLC ("Enspire"), filed a Notice of Participation and Request for Hearing ("Notice and Request") in this case.<sup>10</sup> Enspire states that it "has conducted natural gas marketing operations since 2005, and . . . its core market continues to be commercial and industrial

<sup>1</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>2</sup> Since 2000, the Commission has authorized the Applicants to operate under several previous versions of the AMAA and GPSA. The Applicants were authorized to enter into the prior AMAAs and GPSAs in Case Nos. PUA-2000-00085, PUE-2004-00111, PUE-2008-00119, PUE-2011-00089, and PUE-2015-00016. See *Application of Virginia Natural Gas, Inc., and AGL Energy Services, Inc., For approval of an Energy Services Agreement Under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUA-2000-00085, 2000 S.C.C. Ann. Rept. 240, Order Granting Approval (Nov. 30, 2000); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex parte, In Re: Investigation of gas supply asset assignment and agency agreement between Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., f/k/a AGL Energy Services, Inc.*, Case No. PUE-2004-00111, 2005 S.C.C. Ann. Rept. 360, Order Approving Affiliate Agreements and Closing Investigation (Oct. 31, 2005); *Application of Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., For Approval of an Asset Management Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00119, 2009 S.C.C. Ann. Rept. 362, Order Granting Approval (Mar. 30, 2009); *Application of Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., For approval of an asset management agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2011-00089, 2011 S.C.C. Ann. Rept. 532, Order Granting Approval (Oct. 25, 2011); and *Application of Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., For approval of an asset management agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00016, 2015 S.C.C. Ann. Rept. 281, Order Granting Approval (Mar. 20, 2015).

<sup>3</sup> *Joint Petition of The Southern Company, AGL Resources Inc., and Virginia Natural Gas, Inc., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00113, 2016 S.C.C. Ann. Rept. 303, Final Order (Feb. 23, 2016).

<sup>4</sup> Application at 6.

<sup>5</sup> *Id.* at 7.

<sup>6</sup> *Id.* at 5-6.

<sup>7</sup> *Id.* at 6. The expected in-service date of the ACP is November 2019.

<sup>8</sup> *Id.* at 7.

<sup>9</sup> *Id.* at 8.

<sup>10</sup> Also included with Enspire's Notice and Request was the Affidavit of Mary K. Hensley, President and Director of Marketing for Enspire.

load behind VNG and Columbia Gas of Virginia, Inc."<sup>11</sup> Enspire states that it has "a concrete interest in the outcome of this proceeding" and asserts that "VNG's arrangement with Sequent benefits the two affiliates, but those benefits come at the expense of VNG's customers and other participants in the natural gas market."<sup>12</sup> Enspire further states that it has tried on many occasions to purchase excess transportation capacity that VNG holds on upstream pipelines, but Sequent either has refused to release the capacity through the pipeline's electronic bulletin board ("EBB") system or it has tied the capacity to sales of natural gas supply.<sup>13</sup> Enspire asserts that "[r]eleasing unused capacity maximizes the value of the asset,"<sup>14</sup> particularly in light of the Federal Energy Regulatory Commission's 2008 Order No. 712,<sup>15</sup> which eliminated the previous price cap for capacity releases of one year or less.<sup>16</sup>

Enspire states that the Applicants have not shown that extending the AMAA and GPSA by four years is in the public interest.<sup>17</sup> Enspire expresses the concern that VNG has never once sought bids from non-affiliated providers who could offer the same asset management services as Sequent.<sup>18</sup> As a result, according to Enspire, "VNG has never presented evidence . . . that its deal with Sequent is superior to what non-affiliated companies might offer and not the product of an undue affiliate preference."<sup>19</sup>

Lastly, Enspire questions the Applicants' reason for seeking a four-year extension of the AMAA and GPSA and states that the Applicants do not explain how they believe the ACP might affect their arrangement.<sup>20</sup> Enspire requests that the Commission set the matter for hearing and establish a three-business-day deadline for responding to discovery requests. Enspire further requests that the Commission (1) deny the requested approval in the Application; (2) direct VNG to solicit bids from both affiliated and non-affiliated companies to replace the energy services currently being provided under the Agreements; and (3) require the new energy services provider to post VNG's unused capacity for bidding and release through the pipeline's EBB system.<sup>21</sup> In the alternative, Enspire requests that any extension of the 2018 Agreements be no longer than six to twelve months and that the Commission require the Applicants to submit, within three months, a report and testimony explaining why it would not be in the public interest to: (1) conduct a competitive bidding process to replace the energy services being provided under the 2018 Agreements; and (2) require VNG's asset manager to post excess short-term capacity and release it based upon the results of an open and transparent bidding process.<sup>22</sup>

On December 6, 2017, the Commission entered an Order: (1) granting the Applicants' Motion for Leave to File Out of Time; (2) assigning a Hearing Examiner to rule on discovery matters that may arise in this proceeding, including the Applicants' Motion for the Entry of a Protective Order;<sup>23</sup> (3) granting Enspire's request for a three-business-day response period for discovery; and (4) allowing the Applicants to file a response to Enspire's Notice and Request on or before December 8, 2017.

On December 8, 2017, VNG filed its Response in Opposition to the Notice of Participation and Request for Hearing of Enspire Energy, LLC ("VNG Response"). In the VNG Response, the Company requests the Commission to deny Enspire's Notice and Request for several reasons. Specifically, VNG asserts that Enspire's participation in this proceeding is untimely;<sup>24</sup> Enspire's allegations appear to be based on misunderstandings regarding the capacity operations conducted by Sequent as well as how the AMAA and GPSA impact VNG's operations;<sup>25</sup> Enspire's evidence regarding perceived additional value opportunities is misleading;<sup>26</sup> there is ample evidence as to why an extension of the existing AMAA and GPSA is likely to produce the

<sup>11</sup> Notice and Request at 1.

<sup>12</sup> *Id.* at 2-3.

<sup>13</sup> *Id.* at 3.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Promotion of a More Efficient Capacity Release Market*, Order No. 712, 123 FERC ¶ 61,286 (2008), *order on reh'g*, Order No. 712-A, 125 FERC ¶ 61,216 (2008), *order on reh'g*, Order No. 712-B, 127 FERC ¶ 61,051 (2009).

<sup>16</sup> *Id.* at 5-6.

<sup>17</sup> *Id.* at 5.

<sup>18</sup> *Id.* at 7.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 8.

<sup>21</sup> *Id.* at 9.

<sup>22</sup> *Id.*

<sup>23</sup> The Hearing Examiner's Protective Ruling was entered on December 6, 2017.

<sup>24</sup> VNG Response at 4-5.

<sup>25</sup> *Id.* at 5-9.

<sup>26</sup> *Id.* at 7-9, 11.

greatest value for customers;<sup>27</sup> there is sufficient evidence to support the proposed four-year term for the 2018 Agreements;<sup>28</sup> and the 2018 Agreements are substantively identical to those approved by the Commission in a prior proceeding.<sup>29</sup>

On December 12, 2017, the Virginia Industrial Gas Users' Association ("VIGUA") filed Comments ("VIGUA Comments") on the Application, which state that VIGUA shares the concerns expressed by Enspire in its Notice and Request. VIGUA further states that its member companies purchase their gas supply needs in the market and "have a real interest in ensuring that the capacity market is open and transparent and that all participants have equal opportunities to purchase available capacity assets."<sup>30</sup> As customers of VNG and active participants in the natural gas market, VIGUA asks the Commission to grant the relief requested in Enspire's Notice and Request.<sup>31</sup>

On December 12, 2017, Enspire filed its Motion for Leave to File Reply and Reply of Enspire Energy, LLC ("Motion and Reply").<sup>32</sup> Enspire states in its Motion and Reply that "[m]any of the allegations and arguments put forward by VNG are factually or legally wrong ... [or] do not address the basic issues that Enspire raised in its Notice and Request."<sup>33</sup> Enspire states that the timing of its Notice and Request is not a reason to disregard the issues raised therein, as Enspire did not actually fail to comply with a procedural requirement, and Enspire's alternative request for relief offers "an idea for how the Commission might work around any concerns about the statutory deadline while also ensuring that these affiliate Agreements receive the hard look they deserve."<sup>34</sup> Enspire further states that the fact that the Commission has previously approved affiliate agreements that are "substantively identical" to the 2018 Agreements does not make the 2018 Agreements immune from scrutiny,<sup>35</sup> as the Affiliates Act provides that the Commission "shall have continuing supervisory control over the terms and conditions of such contracts ... so far as necessary to protect and promote the public interest" and the Commission has "the same jurisdiction over the modification or amendment of" affiliate contracts "as it has over such original contracts or arrangements."<sup>36</sup>

On December 13, 2017, the Staff of the Commission ("Staff") filed its Action Brief, which summarizes the Application and Staff's investigation and offers Staff's conclusion and recommendations. The Action Brief states that Staff is not opposed to approving the 2018 Agreements for 12 months and to requiring the Applicants to conduct a study that analyzes: (1) why it would not be in the public interest to conduct a competitive bidding process to replace the services currently provided under the AMAA and GPSA; and (2) why it would not be in the public interest to require VNG's asset manager to post the unneeded short-term capacity and release it based on the results of an open and transparent bidding process.<sup>37</sup>

On December 14, 2017, the Applicants filed Comments on Staff's Action Brief,<sup>38</sup> opposing Staff's recommendations (listed in the Appendix attached to the Action Brief) that the Commission's approval of the 2018 Agreements be limited to one year and that the Commission direct the Applicants to file a report and testimony explaining why it would not be in the public interest to either: (a) conduct a competitive bidding process to replace the services currently provided under the Agreements, or (b) require VNG's asset manager to post VNG's unused short-UA term capacity for release.<sup>39</sup> The Applicants put forth reasons as to why a one-year term to the Agreements would be undesirable and request that, at a minimum, approval be for two years.<sup>40</sup> In addition, the Applicants reiterated arguments to support the Applicants' position that (a) it is in the public interest for VNG to continue receiving gas supply and asset management services from Sequent without initiating a competitive bidding process, and (b) the current practice of not posting VNG's unused capacity to the EBB is not inconsistent with the public interest.<sup>41</sup> The Applicants otherwise support Staff's recommendations and do not oppose Staff's remaining recommended conditions for approval set forth in the Appendix attached to the Action Brief.<sup>42</sup>

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<sup>27</sup> *Id.* at 9-10.

<sup>28</sup> *Id.* at 10-11.

<sup>29</sup> *Id.* at 11-12.

<sup>30</sup> VIGUA Comments at 2.

<sup>31</sup> *Id.* at 3.

<sup>32</sup> Enspire's Motion and Reply included the Supplemental Affidavit of Mary K. Hensley.

<sup>33</sup> Motion and Reply at 3. *See also id.* at 6-7.

<sup>34</sup> *Id.* at 3-4.

<sup>35</sup> *Id.* at 7.

<sup>36</sup> Code § 56-80.

<sup>37</sup> Staff Action Brief at 4-5.

<sup>38</sup> Coincident with the Applicants' Comments, the Applicants filed the Joint Motion of Virginia Natural Gas, Inc. and Sequent Energy Management, L.P. For Additional Protective Treatment for Extraordinarily Sensitive Information. The Hearing Examiner's Modified Protective Ruling Providing Additional Protective Treatment for Extraordinarily Sensitive Information was entered on December 15, 2017.

<sup>39</sup> Applicants' Comments at 2.

<sup>40</sup> *Id.* at 4-5.

<sup>41</sup> *Id.* at 5-11.

<sup>42</sup> *Id.* at 2-3.

On December 15, 2017, Enspire filed a Response to Applicants' Comments on Staff's Action Brief ("Enspire Response"). Enspire commented that Staff's recommendations are essentially identical to the alternative Enspire requested in its Notice and Request.<sup>43</sup> Enspire claims that the Applicants' argument against the one-year extension is "empty" and self-contradictory.<sup>44</sup> Enspire points out that a one-year extension would allow Sequent to obtain full value for VNG's unneeded storage assets during the upcoming heating season.<sup>45</sup> Further, Enspire asserts that a one-year extension would not interfere with the Applicants' plans to evaluate the impact of the ACP because any asset management agreement that would follow the one-year extension could provide for such an evaluation.<sup>46</sup> Finally, Enspire claims that the Applicants have alleged new facts that have not been made under oath and have not been subject to discovery or cross-examination.<sup>47</sup>

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application is approved for a period of twelve (12) months, from April 1, 2018 through March 31, 2019, subject to certain requirements set forth in the Appendix attached hereto. We will take under advisement the Applicants' request for approval of the 2018 Agreements for an additional 36 months beyond March 31, 2019, pending the proceedings required herein.

We find that a Hearing Examiner should be appointed to establish an appropriate procedural schedule in this matter<sup>48</sup> and to conduct all further proceedings. The Hearing Examiner shall file a report containing the Hearing Examiner's findings and recommendations ("Hearing Examiner's Report") on or before June 1, 2018. Any comments thereto shall be filed within two (2) weeks of the date of filing of the Hearing Examiner's Report.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants hereby are granted approval of the Application for a period of twelve (12) months as described herein, subject to the requirements set forth in the Appendix attached to this Order and subject to the proceedings required herein.

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure,<sup>49</sup> a Hearing Examiner is appointed to establish an appropriate procedural schedule in this matter and to conduct all further proceedings, concluding with a final report containing the Hearing Examiner's findings and recommendations, which shall be filed on or before June 1, 2018.

(3) Any comments to the Hearing Examiner's Report shall be filed within two (2) weeks of the date of filing of the Hearing Examiner's Report.

(4) This case is continued.

#### APPENDIX

##### Regulatory Requirements

(1) The approval granted in this case shall not have any ratemaking implications.

(2) The AMAA and GPSA shall remain separate agreements. Should the Applicants wish to change the terms and conditions of either the AMAA or the GPSA, separate Commission approval shall be required.

(3) VNG shall retain ownership of its Assets at all times while Sequent shall act solely in the capacity of VNG's agent pursuant to the AMAA and GPSA.

(4) VNG shall employ an internal management/operational group to oversee the AMAA and GPSA.

(5) Sequent must satisfy VNG's native load firm gas supply requirements before it can use VNG's Assets for financial optimization purposes.

(6) Sequent shall not provide services or charge or allocate costs to VNG through AGL Services Company.

(7) Should the AMAA and GPSA be reassigned to a third party, separate and prior Commission approval shall be required.

(8) Staff shall regularly monitor the Applicants' transactions and conduct under the agreements.

##### Pricing and Sharing Requirements

(9) The pricing for the AMAA shall remain unchanged, and VNG shall receive the payment described in the confidential information of Paragraph 12 of the Appendix to Staff's Action Brief.

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<sup>43</sup> Enspire Response at 1.

<sup>44</sup> *Id.* at 2.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.* at 3.

<sup>47</sup> *Id.*

<sup>48</sup> The procedural order shall not include a notice requirement.

<sup>49</sup> 5 VAC 5-20-10 *et seq.*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(10) VNG shall not pay Sequent directly to manage the AMAA and GPSA. Sequent shall recover its costs of managing the AMAA and GPSA through its share of the total value created from optimizing VNG's Assets. Should the Applicants wish to change the terms and conditions of the AMAA and GPSA, separate Commission approval shall be required.

(11) VNG shall plan and pay for its native load gas supply as if it performed its own least cost dispatch via a logical or "virtual dispatch" plan.

(12) The natural gas pricing for VNG's native load gas supply purchases shall be based on the market indices at VNG's receipt points.

(13) Regulatory compliance costs related to the AMAA and GPSA shall not be recovered through the AMAA value sharing mechanism or any other gas cost recovery mechanism.

Recordkeeping and Reporting Requirements

(14) VNG shall meet with Staff each quarter to discuss the results of the AMAA and GPSA.

(15) The Applicants shall provide to Staff a confidential quarterly AMAA and GPSA report ("Report"), which contains the confidential information identified in Paragraph (18) of the Appendix to Staff's Action Brief, as further described in confidential Paragraphs (23) and (24) of the Appendix to Staff's Action Brief.

(16) The Report shall contain a glossary that defines the technical terms in the AMAA and GPSA.

(17) The Report shall disclose the average weighted cost of monthly baseload purchases at VNG entitlement points and supporting calculations.

(18) The Report shall separately identify and report alternative pricing measures, including mutually agreed upon pricing and replacement gas pricing.

(19) The Report shall provide each month: (i) the prices and volumes of gas injected into storage; (ii) the prices and volumes of gas withdrawn from storage; (iii) the weighted average cost of gas in storage; (iv) the mark-to-market value of outstanding financial positions; and (v) a summary of actions undertaken during the month, including physical gas bought, physical gas sold, financial positions settled, and incremental storage activity.

(20) Sequent shall keep detailed records of all Sequent gas purchases and sales at each VNG entitlement point for two years after the AMAA and GPSA expire.

(21) Sequent shall keep detailed records of weighted average gas prices for Sequent purchases and sales to third parties at VNG entitlement points for two years after the AMAA and GPSA expire.

(22) Sequent shall reconcile the prices and volumes of off-system sales at VNG's citygate delivery points with the prices and volumes that the volume sharing pool receives.

(23) The Staff shall have the right to request information from VNG and Sequent to monitor and investigate any potential abuses under the AMAA and GPSA.

(24) The Applicants shall file executed copies of the approved agreements 30 days after approval, subject to administrative extension by the Director of the Division of Utility Accounting and Finance.

(25) All transactions under the AMAA and GPSA shall be included in VNG's Annual Report of Affiliate Transactions.

**CASE NO. PUR-2017-00124  
NOVEMBER 13, 2017**

JOINT APPLICATION OF  
BANDWIDTH INC., BANDWIDTH.COM CLEC, LLC,  
and  
DAVID A. MORKEN

For approval of the transfer of indirect control of Bandwidth.com CLEC, LLC pursuant to Va. Code § 56-88 *et seq.*

**ORDER GRANTING APPROVAL**

On September 22, 2017, Bandwidth Inc.,<sup>1</sup> Bandwidth.com CLEC, LLC ("Bandwidth CLEC"), and David A. Morken ("Mr. Morken") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> requesting approval of the transfer of indirect control of Bandwidth CLEC to Mr. Morken ("Proposed Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

<sup>1</sup> Bandwidth Inc. changed its name from Bandwidth.com effective September 15, 2017. See Application at 1.

<sup>2</sup> Code § 56-88 *et seq.*

Bandwidth CLEC is authorized to provide telecommunications services in Virginia pursuant to certificates of public convenience and necessity issued by the Commission.<sup>3</sup> Mr. Morken is the Cofounder, Chief Executive Officer, and Chairman of Bandwidth Inc.<sup>4</sup> Bandwidth Inc. plans a stock restructuring whereby Mr. Morken is expected to obtain a majority of the outstanding Bandwidth Inc. stock. As a result, Mr. Morken will control Bandwidth CLEC, the wholly owned subsidiary of Bandwidth Inc.

The Applicants assert that upon completion of the Proposed Transfer, Bandwidth CLEC will continue to provide the same services to their customers in Virginia without any immediate changes to the rates, terms, or conditions of service as currently provided. The Applicants state that Bandwidth CLEC will continue to be managed by its highly qualified and experienced management team including Mr. Morken. Accordingly, the Applicants represent that Bandwidth CLEC will continue to have the financial, technical, and managerial resources to provide telecommunications services under Bandwidth Inc.'s and Mr. Morken's ownership and control. The Applicants also provided the current financial statements of Bandwidth Inc.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission's Staff, is of the opinion and finds that the above-described Proposed Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.<sup>5</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the Proposed Transfer as described herein.

(2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Proposed Transfer, which shall note the date the transfer occurred.

(3) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

<sup>3</sup> See Application at 2; *Application of Bandwidth.com CLEC, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2007-00094, 2008 S.C.C. Ann. Rept. 264, Final Order (Jan. 29, 2008).

<sup>4</sup> Application at 2.

<sup>5</sup> The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUR-2017-00130  
DECEMBER 19, 2017**

APPLICATION OF  
WASHINGTON GAS LIGHT COMPANY

For approval of service agreements pursuant to Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On September 27, 2017, Washington Gas Light Company ("WGL" or "Company") filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),<sup>1</sup> requesting approval of revised affiliate service agreements ("Revised Agreements") between WGL and the following affiliates: WGL Holdings, Inc.; Washington Gas Resources Corp.; Hampshire Gas Company; Crab Run Gas Company; WGL Energy Services, Inc.; WGL Energy Systems, Inc.; WGL Midstream Inc. ("Midstream"); WGL Midstream CP, LLC ("Midstream CP"); WGL Midstream MP, LLC ("Midstream MP"); WGL Midstream MVP, LLC ("Midstream MVP"); WGL Midstream SGG, LLC ("Midstream SGG"); and WGSW, Inc. (collectively, the "Affiliates").

WGL currently provides centralized services ("Services") to the Affiliates under service agreements the Commission approved in four previous orders ("Current Agreements").<sup>2</sup> Under the proposed Revised Agreements, WGL will provide to each Affiliate a unique selection of the 25 different categories of Services shown in Staff Exhibit 1 to the Action Brief filed in this proceeding by the Commission's Staff ("Staff").

In the Revised Agreements, the Company proposes revisions to the Description of Services in Attachment A, Article II of the Current Agreements between WGL and each of the Affiliates, for the following Services: (i) Sustainability; (ii) Retained Management of Outsourced Departments;

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> See *Application of Washington Gas Light Company, For approval of a service agreement*, Case No. PUE-2015-00046, 2015 S.C.C. Ann. Rept. 330, Order Granting Approval (July 28, 2015); *Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUE-2015-00048, 2015 S.C.C. Ann. Rept. 332, Order Granting Approval (July 28, 2015); *Application of Washington Gas Light Company, For approval of service agreement*, Case No. PUE-2015-00124, 2016 S.C.C. Ann. Rept. 316, Order Granting Approval (Feb. 2, 2016); and *Application of Washington Gas Light Company, For approval of service agreement*, Case No. PUE-2016-00105, 2016 S.C.C. Ann. Rept. 458, Order Granting Approval (Nov. 7, 2016).

(iii) Information Technology Services; (iv) Human Resources; (v) Procurement; and (vi) Facilities and Transportation (collectively, the "Revised Services"). The Company represents that the primary purpose of the proposed revisions to the Revised Services is to reflect changes in the scope of outsourced services as a result of recent new contracts with several third-party service providers for outsourced services that previously had been provided only by Accenture. The Company also represents that some of the revisions to the Revised Services include new functions that WGL proposes to provide to the Affiliates, which the Company states will create additional efficiencies and opportunities for economies of scale. The Company requests approval of the Revised Agreements for a period of five years effective from the date of the Commission's Order in this case.

The Company represents that the terms and conditions of the Revised Agreements are substantively identical to those approved in the Current Agreements. The Company indicates that it will allocate the costs of providing any new service functions under the Revised Services to the Affiliates in accordance with the methodology described in WGL's Cost Allocation Manual (CAM), which the Company submits annually to Staff. The Company states that the proposed Revised Agreements are in the public interest because they will create additional efficiencies for WGL to provide the Services to its Affiliates.

NOW THE COMMISSION, upon consideration of this matter, including Staff's Action Brief and the Company's comments thereon, is of the opinion and finds that the Revised Agreements are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Company hereby is granted approval to enter into the Revised Agreements effective as of the date of this Order, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

#### APPENDIX

(1) The Commission's approval of the Revised Agreements shall be limited to five (5) years from the date of the Order in this case. Should the Company wish to continue under the Revised Agreements beyond that date, separate Commission approval shall be required.

(2) The Commission's approval shall be limited to the specific Services identified in the Revised Agreements. Should the Affiliates wish to receive additional Services from WGL that are not specifically identified in the Revised Agreements, separate Commission approval shall be required.

(3) Separate Affiliates Act approval shall be required for WGL to provide Services to the Affiliates through the engagement of any affiliated third parties under the Revised Agreements.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Agreements, including any changes in the Services provided, Service category descriptions, allocation methodologies, and successors or assigns.

(5) Separate Affiliates Act approval shall be required for the transfer of any goods or equipment between WGL and the Affiliates.

(6) The Company shall maintain records demonstrating that the Services provided by WGL to the Affiliates are cost beneficial to Virginia ratepayers. For all Services provided by WGL where a market may exist, WGL shall investigate whether alternative service providers are available, and if they exist, WGL shall compare the market price to WGL's costs and charge the Affiliates the higher of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. The Company shall bear the burden of proving, in any rate proceeding, that the Services provided to the Affiliates under the Revised Agreements are priced at the higher of cost or market where a market for such Services exists.

(7) The Commission's approval shall have no accounting or ratemaking implications. Specifically, the approval granted in this case shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Revised Agreements.

(8) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.

(9) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case regardless of whether such affiliate is regulated by this Commission.

(10) The Company shall file with the Commission signed and executed copies of the Revised Agreements within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(11) The Company shall provide to the UAF Director an updated Cost Allocation Manual reflecting any necessary changes as a result of the revisions to the Revised Services.

(12) Under the Revised Agreements, WGL may provide Asset Optimization Service ("AO Service")<sup>3</sup> under the Finance Services category to Midstream, Midstream CP, Midstream MP, Midstream MVP, and Midstream SGG (collectively, "Midstream Affiliates"), as well as act on Midstream's behalf to provide asset management services to non-affiliated third parties. Therefore, any AO Transactions provided by WGL shall be limited to those that are related and incidental to the type of AO Transactions conducted for the utility itself.

<sup>3</sup> The term "AO Service" refers to both asset optimization and asset management service; "AO Transactions" refers to both asset optimization and asset management transactions; and "AO Revenues" refers to both asset optimization and asset management revenues.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(13) All transactions associated with the Revised Agreements shall be included in WGL's Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director, and shall include the following information:

- (a) Case Number in which the transactions were approved;
- (b) Identification of the specific Affiliate(s) involved in each transaction;
- (c) Description of each transaction and the specific service(s) provided;
- (d) Transactions by month; and
- (e) Dollar amount charged for each transaction per month.

(14) In addition to Requirement (13) above, the Company shall continue to track the AO Service provided to the Midstream Affiliates and non-affiliated third parties in its ARAT. The reporting shall include:

- (a) The name of each Midstream Affiliate and non-affiliated party that directly or indirectly receives AO Service;
- (b) The net annual AO Service costs charged to each Midstream Affiliate and non-affiliated third party;
- (c) The net annual AO Revenues generated for each Midstream Affiliate and non-affiliated third party;
- (d) A list of the type of AO Transactions conducted; and
- (e) A discussion of changes in risk management practices during the year.

(15) In the event that WGL's annual informational filings or expedited or general rate case filings are not based on a calendar year, WGL shall include the affiliate information contained in its ARAT for the test period in such filings.

**CASE NO. PUR-2017-00131  
NOVEMBER 28, 2017**

APPLICATION OF  
VIRGINIA ELECTRIC AND POWER COMPANY  
and  
DOMINION ENERGY SERVICES, INC.

For approval of a revised support services agreement under Chapter 4 of Title 56 of the Code of Virginia

**ORDER GRANTING APPROVAL**

On September 29, 2017, Virginia Electric and Power Company d/b/a Dominion Virginia Energy ("DEV") and Dominion Energy Services, Inc. ("DES")<sup>1</sup> (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>2</sup> requesting approval of a Revised DES Support Services Agreement ("Revised DES Support Services Agreement" or "Revised Support Services Agreement") under which DEV will continue to provide certain support services ("Support Service(s)") on an as-needed basis to DES.<sup>3</sup> Concurrent with the Application, DEV filed a Motion for Interim Authority and for Expedited Consideration ("Motion"). Specifically, the Motion requested authority to provide Operations-Distribution Support Services to DES through December 31, 2017, prior to the effective date of the proposed Revised Support Services Agreement, and for expedited consideration.

DEV has provided Support Services to DES under the currently operative DES Support Services Agreement ("Current Agreement") since January 1, 2013.<sup>4</sup> The Current Agreement expires December 31, 2017.<sup>5</sup>

The Applicants represent that the proposed Revised Support Services Agreement reflects limited substantive changes to the Current Agreement. First, the Revised Support Services Agreement will reflect a new effective date of January 1, 2018, and be effective for five years, through December 31, 2022.<sup>6</sup> Second, DEV seeks to continue to provide the currently approved Support Services: (1) Fleet Services; and (2) Office Space and Equipment Services, both to DES as the end-user.<sup>7</sup> Under the Revised Support Services Agreement, the Applicants propose for DEV to provide a third category of Support Service – Operations – to DES.<sup>8</sup> The Operations service category has three subcategories: Operations-Generation, Operations-Transmission, and Operations-Distribution. The full service category description reads as follows:

<sup>1</sup> Formerly known as Dominion Resources Services, Inc.

<sup>2</sup> Code § 56-76 *et seq.* ("Affiliates Act").

<sup>3</sup> Application at 1.

<sup>4</sup> *Application of Virginia Electric and Power Company and Dominion Resources Services, Inc., For approval of a Revised Support Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00017, 2012 S.C.C. Ann. Rept. 405, Order Granting Approval (May 11, 2012) ("Order Granting Approval").

<sup>5</sup> *Id.*; Application at 4.

<sup>6</sup> Application at 4, 6.

<sup>7</sup> See Order Granting Approval.

<sup>8</sup> Application at 4.



**Operations.** Advise and assist the Service Recipient in the following matters relating to business operations and operational capacity: (i) **[G]eneration** – (a) the provision of generation outage, security, engineering, training, benchmarking, environmental emissions data capture, and decommissioning support services; (b) the provision of planning, engineering, and construction operations services to support Service Recipient's station development projects;

(ii) **[T]ransmission** – (a) the preparation and coordination of studying, consulting, designing, inspecting and engineering, construction and maintenance support services of electric transmission and substation plant facilities of the Service Recipient; (b) support services related to relay settings and coordination, relay misoperation analysis, substation equipment specifications, electric equipment repair and maintenance, and general outage coordination support; and

(iii) **[D]istribution** – (a) the provision of metering, safety, training, weather forecasting, design, engineering, planning, substation and distribution control equipment installation, field support and operation support services.

The aforementioned services will be provided subject to federal and state codes and standards of conduct, as applicable.<sup>9</sup>

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Revised Support Services Agreement is in the public interest and, therefore, should be approved subject to certain requirements listed in the Appendix attached to this Order.

Specifically, while the Commission finds that approval of all three Operations Support Service categories in this Application is appropriate, we will require the Applicants to provide the Commission's Director of Utility Accounting and Finance ("UAF Director") with 30 days advance notice of the provision of any of the Operations-Generation and Operations-Transmission Support Services ("Future Services"). This notice will permit our Staff time to review the need for the Future Services.

We also address the potential for the pass-through of Support Services ("Pass-Through Services") from DEV through DES to a DEV-affiliated third party under the Revised Support Services Agreement. Prior to 2013, DEV provided Support Services to DES which, in turn, could provide those services to other DEV affiliates. The Current Agreement approved in Case No. PUE-2012-00017 eliminated the provision authorizing Pass-Through Services.<sup>10</sup> DEV now provides Support Services directly to its affiliates (including DES), which are the end-users of the services.<sup>11</sup> We will continue in this proceeding to require separate Affiliates Act approval should DEV wish to resume Pass-Through Services.

Finally, regarding the Motion, the Commission finds that it shall be granted as follows. Specifically, the Commission grants DEV interim authority through December 31, 2017, to provide Operations-Distribution Support Services to DES, effective as of the date of this Order, subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the proposed Revised Support Services Agreement is approved subject to the requirements listed in the Appendix attached to this Order.

(2) The Motion is hereby granted as follows. DEV is granted interim authority through December 31, 2017, to provide Operations-Distribution Support Services to DES, effective as of the date of this Order, subject to the requirements listed in the Appendix attached to this Order.

(3) This case is dismissed.

#### APPENDIX

(1) The Commission's approval of the Revised DES Support Services Agreement shall be effective as of January 1, 2018, and shall extend for five (5) years from the effective date. Should the Applicants wish to continue under the Revised DES Support Services Agreement beyond the five-year period, separate Commission approval shall be required.

(2) The Commission's approval shall be limited to the three (3) specific Support Services identified in the Revised DES Support Services Agreement. The Applicants shall be required to provide thirty (30) days advance notice to the Commission's UAF Director prior to DEV's provision of any of the Future Services to DES. Should DEV wish to provide additional Support Services to DES other than those specifically identified in the Revised DES Support Services Agreement, separate Commission approval shall be required.

(3) DEV is approved to provide direct Support Services to DES as the end-user. Should DEV wish to provide Pass-Through Services through DES to a DEV-affiliated third party, separate approval shall be required.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised DES Support Services Agreement, including changes in the Support Services provided, allocation methodologies, service category descriptions, and successors or assigns.

<sup>9</sup> Application Attachment B, Ex. I.

<sup>10</sup> See Order Granting Approval at 2-3.

<sup>11</sup> See, e.g., *Application of Virginia Electric and Power Company and Dominion Energy Kewaunee, Inc., Dominion Nuclear Connecticut, Inc., Dominion Products and Services, Inc., Dominion Technical Solutions, Inc., Dominion Transmission, Inc., For approval of Affiliate Support Services Agreement and future exemptions under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00018, 2012 S.C.C. Ann. Rept. 408, Order Granting Approval (May 11, 2012).

(5) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Revised DES Support Services Agreement.

(6) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(7) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(8) DEV shall maintain records demonstrating that the Support Services provided to DES are cost beneficial to Virginia ratepayers. For all Support Services provided by DEV to DES where a market may exist, DEV shall investigate whether there are alternative sources from which it could provide such services. If an alternative source exists, DEV shall compare the market price to DES' charges and charge the higher of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. DEV shall bear the burden of proving, in any rate proceeding, that DEV charged DES the higher of cost or market for all Support Services provided under the Revised DES Support Services Agreement.

(9) The Applicants shall file with the Commission a signed and executed copy of the Revised DES Support Services Agreement within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

(10) All transactions between DEV and DES under the Revised DES Support Services Agreement shall be included in DEV's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. All DEV ARAT reporting shall include, but not be limited to, the following information:

- (a) The most recent case number under which the agreement was approved;
- (b) The name and type of activity performed by each affiliate under the agreement; and,
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books).

(11) In the event that any rate proceeding filings are not based on a calendar year, then DEV shall include the affiliate information contained in its ARAT in such filing.

**CASE NO. PUR-2017-00135  
DECEMBER 18, 2017**

APPLICATION OF  
BARC ELECTRIC COOPERATIVE  
and  
RELIABLE ENERGY, LLC

For approval of affiliate agreements

**ORDER GRANTING APPROVAL**

On October 10, 2017, BARC Electric Cooperative ("BARC") and Reliable Energy, LLC ("Reliable Energy") (collectively, "Applicants") filed an application with the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code").<sup>1</sup> The Applicants request approval to: (1) renew and update the Service Agreement ("Service Agreement") and Line of Credit Agreement ("Line of Credit") between BARC and Reliable Energy that the Commission previously approved in Case No. PUE-2012-00107<sup>2</sup> ("2012 Order"); (2) renew and update the Right-of-Way Services Agreement ("ROW Agreement"), which the Commission approved in Case No. PUE-2015-00098<sup>3</sup> ("2015 Order"); and (3) transfer certain equipment, at cost, from Reliable Energy to BARC ("Transfer of Equipment").

In the 2012 Order, the Commission approved the Service Agreement between BARC and Reliable Energy pursuant to which BARC provides management, administrative, and operational services as well as office space, transportation, equipment, customer service, and data processing services to Reliable Energy. The Applicants seek to amend the Service Agreement by extending the term through December 31, 2022, and by updating Exhibit A to the Service Agreement to reflect additional rates for Reliable Energy's use of BARC's equipment in the future.

In the 2012 Order, the Commission also approved a Line of Credit through which BARC lends money to Reliable Energy. The Line of Credit carries a maximum value of \$5 million and automatically renews for successive one-year terms, provided that BARC has not issued a notice of cancellation or notice of default.

In the 2015 Order, the Commission approved the ROW Agreement pursuant to which Reliable Energy provides right-of-way ("ROW") maintenance services to BARC. The Applicants entered into the ROW Agreement to allow BARC to determine if Reliable Energy would be able to

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> *Application of BARC Electric Cooperative, For authorization regarding furnishing of services and for authorization to loan money to its subsidiary, Reliable Energy, LLC*, Case No. PUE-2012-00107, 2012 S.C.C. Ann. Rept. 510, Order Granting Approval (Dec. 13, 2012).

<sup>3</sup> *Application of BARC Electric Cooperative and Reliable Energy, LLC, For approval of an affiliate agreement*, Case No. PUE-2015-00098, 2015 S.C.C. Ann. Rept. 390, Order Granting Approval (Nov. 20, 2015).

successfully provide ROW maintenance services at a lower cost than what is available from third-party contractors in BARC's service territory. The Applicants also hoped to realize economies of scale by providing ROW services to other entities. Reliable Energy does not currently have any other customers for ROW services. However, the Applicants represent that the ROW Agreement has provided improved customer satisfaction and a cost savings for BARC versus obtaining these services from third-party contractors.

Since Reliable Energy is not providing ROW services to any other customer, the Applicants wish to transfer this function to BARC as of January 1, 2018. The Applicants represent that transferring the ROW function to BARC will not increase costs for ROW maintenance but will eliminate certain administrative requirements associated with conducting the work through Reliable Energy (e.g., separate bookkeeping). The Applicants seek approval to transfer the ROW maintenance equipment purchased by Reliable Energy to BARC at cost. In addition, BARC intends to hire all Reliable Energy employees currently providing ROW services to BARC.

Reliable Energy continues to look for other customers for its ROW services to permit it to achieve additional economies of scale and to further reduce the cost of providing these services. The Applicants request that the Commission approve the renewal of the ROW Agreement to ensure that the Applicants have the flexibility to transfer this function back to Reliable Energy in the future should an appropriate customer be identified, or should circumstances change at BARC.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Service Agreement, Line of Credit, ROW Agreement, and Transfer of Equipment is in the public interest and, therefore, should be approved subject to certain requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to Code § 56-77, the proposed Service Agreement, Line of Credit, ROW Agreement, and Transfer of Equipment are approved subject to the requirements listed in the Appendix attached to this Order.
- (2) This case is dismissed.

#### APPENDIX

(1) The Commission's approval of the Service Agreement, Line of Credit, and ROW Agreement shall extend from the date of the order in this case until December 31, 2022. Should the Applicants wish to continue under one or more of the Service Agreement, Line of Credit, and ROW Agreement beyond that period, separate Commission approval shall be required, and the Applicants shall file for such approval at least ninety (90) calendar days before December 31, 2022.

(2) The Transfer of Equipment shall be at cost.

(3) Separate Commission approval shall be required for any changes in the terms and conditions of the Service Agreement, Line of Credit, and ROW Agreement, including changes in the allocation methodologies, service category descriptions, and successors or assigns.

(4) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Service Agreement, Line of Credit, ROW Agreement, and Transfer of Equipment.

(5) The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code §§ 56-78 and 56-80 hereafter.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

(7) BARC is required to maintain records demonstrating that the services provided to Reliable Energy are cost beneficial to Virginia ratepayers. For all services provided by BARC to Reliable Energy where a market may exist, BARC shall investigate whether there are alternative sources from which Reliable Energy could obtain such services. If an alternative source exists, BARC shall compare the market price to BARC's charges to Reliable Energy and shall charge the higher of cost or market. Records of such investigations and comparisons shall be available for Staff review upon request. BARC shall bear the burden of proving, in any rate proceeding, that BARC charged Reliable Energy the higher of cost or market for all services provided under the Service Agreement, Line of Credit, and ROW Agreement.

(8) The Applicants shall file with the Commission a signed and executed copy of the Service Agreement, Line of Credit, and ROW Agreement, along with a Report of Action for the Transfer of Equipment detailing the date of the transfer and the accounting for the transfer, within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(9) All transactions between BARC and Reliable Energy under the Service Agreement, Line of Credit, ROW Agreement, and Transfer of Equipment shall be included in BARC's Annual Report of Affiliate Transactions ("ARAT"), submitted to the Commission's UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. All BARC ARAT reporting shall include, but not be limited to, the following information:

- (a) The most recent case number under which the agreement was approved;
- (b) The name and type of activity performed by each affiliate under the agreement; and
- (c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books).

(10) In the event that any rate proceeding filings are not based on a calendar year, BARC shall include the affiliate information contained in its ARAT in such filing.

**CASE NO. PUR-2017-00146  
NOVEMBER 8, 2017**

APPLICATION OF  
SOUTHWESTERN VIRGINIA GAS COMPANY

For an Annual Informational Filing

**ORDER GRANTING WAIVER**

On October 27, 2017, Southwestern Virginia Gas Company ("Southwestern" or "Company") filed with the State Corporation Commission ("Commission") its Annual Informational Filing ("AIF") for the 12 months ending June 30, 2017, together with a Request for Waivers ("Request") of certain information required by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC-5-201-10 *et seq.* ("Rate Case Rules"). In its Request, Southwestern, by counsel, seeks a waiver pursuant to 20 VAC-5-201-10 E of the Rate Case Rules for reporting information for Southwestern Virginia Energy Industries, Ltd. ("Parent"), and consolidated information for the Parent and the Company as required in the Rate Case Rules Schedules 1, 2, 6, and 7. Southwestern represents that its Parent: (i) historically has never contributed to the raising of capital for the Company; (ii) historically has never assisted the Company in raising capital by guaranteeing debt or in any other manner securing the Company's obligations; (iii) is a closely held corporation and not traded publicly; and (iv) does not have financial statements prepared for public distribution.<sup>1</sup> In addition, Southwestern requests a waiver of the Rate Case Rules applicable to AIFs that require the Company to prepare and submit a jurisdictional cost of service study as a part of Schedule 40 of the Rate Case Rules. Southwestern represents that it serves very few governmental non-jurisdictional customers and that these non-jurisdictional customers – government offices and schools – represent a very small portion of the Company's customers and gas throughput.<sup>2</sup> According to Southwestern, these non-jurisdictional customers pay for service on the basis of Commission-approved rates.<sup>3</sup> Additionally, the Company contends that these customers have "virtually no impact" on the per-customer cost of service and that there is no economic justification to expend the money, time, and effort to create a non-jurisdictional cost of service study.<sup>4</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Southwestern's Request is reasonable and should be granted.<sup>5</sup>

Accordingly, IT IS SO ORDERED.

<sup>1</sup> Request at 2.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> The waivers granted herein are limited to the unique circumstances identified by Southwestern for this AIF, and this Order shall not serve as precedent for other waiver requests by Southwestern or other public utilities subject to the Commission's jurisdiction.

**CASE NO. PUR-2017-00148  
NOVEMBER 21, 2017**

APPLICATION OF  
ATMOS ENERGY CORPORATION  
and  
ATMOS ENERGY HOLDINGS, INC.

For authority to incur short term debt and to lend and borrow short-term funds to and from its affiliates.

**ORDER GRANTING AUTHORITY**

On October 31, 2017, Atmos Energy Corporation ("Atmos") and Atmos Energy Holdings, Inc. ("AEH") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3<sup>1</sup> and 4<sup>2</sup> of Title 56 of the Code of Virginia ("Code") requesting authority to incur short-term indebtedness up to a maximum of \$2.15 billion for the period January 1, 2018, through December 31, 2018. The amount of short-term debt requested in the Application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code and thus requires prior Commission approval. Atmos also requests authority to lend and borrow short-term funds to and from AEH in an amount not to exceed \$400 million at any one time during 2018. Applicants paid the requisite fee of \$250.

Atmos proposes to incur short-term indebtedness by making drawdowns under its existing credit facility, through intercompany borrowings, or through the use of its commercial paper program. Currently, Atmos has a \$1.50 billion credit facility in place that has an accordion feature that could allow borrowings up to \$1.75 billion ("Credit Facility"). According to the Application, borrowings under Atmos's Credit Facility will bear interest at floating rates based on the type of loan Atmos elects, either a Base Rate Loan or a Eurodollar Loan. Under Atmos's commercial paper program, the interest rate is set at the time of the advance and is based on capital market conditions at that time. Atmos states that the proceeds will be used to fund seasonal gas purchases, finance the ongoing capital improvement program, refinance maturing long-term debt, and for other corporate purposes.

Atmos also proposes to continue to borrow from and lend to AEH, its wholly owned subsidiary, through a \$400 million short-term cash credit facility ("Affiliate Facility") for the period January 1, 2018, through December 31, 2018. AEH can also use the Affiliate Facility to lend funds to its wholly-owned subsidiaries. The interest rate on AEH loans from Atmos under the Affiliate Facility will be based on the one-month London Interbank Offered Rate plus 300 basis points. Loans from AEH to Atmos will be priced at the lesser of the Atmos borrowing rate as a Eurodollar loan or the rate on its commercial paper, if there is any commercial paper outstanding at the time.

NOW THE COMMISSION, upon consideration of Applicants' Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest

Accordingly, IT IS ORDERED THAT:

- (1) Atmos hereby is authorized to incur short-term indebtedness up to \$2.15 billion at any one time between January 1, 2018, and December 31, 2018, under the terms and conditions and for the purposes set forth in the Application.
- (2) Atmos hereby is authorized to borrow from and lend to AEH short-term funds up to an aggregate amount of \$400 million between January 1, 2018, and December 31, 2018, under the terms and conditions and for the purposes set forth in the Application.
- (3) Applicants shall file with the Commission quarterly reports of action no later than May 16, 2018, August 15, 2018, and November 15, 2018, reporting on short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.
- (4) Applicants shall submit to the Commission a final report of action on or before February 28, 2019, providing the information required in Ordering Paragraph (3) for the fourth calendar quarter of 2018. The final report of action also shall include a summary schedule of fees paid and amortized by Atmos for its Credit Facility used to support short-term indebtedness authorized for 2018.
- (5) Applicants shall provide to the Division of Utility Accounting and Finance the quarterly financial reports for AEH that are provided to its lenders at the same time such reports are provided to the lenders.
- (6) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Affiliate Facility, including changes in allocation methodologies and successors and assigns.
- (7) The authority granted herein shall not preclude the Commission from applying to Applicants the provisions of §§ 56-78 and 56-80 of the Code hereafter.
- (8) The Commission reserves the right to examine the books and records of any affiliate of Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (9) The approval granted in this case shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Affiliate Facility or Credit Facility.

<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> Code § 56-76 *et seq.* ("Affiliates Act").

(10) Should Applicants wish to obtain authority beyond year 2018, Atmos shall file an application requesting such authority no later than October 31, 2018.

(11) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUR-2017-00152  
NOVEMBER 29, 2017**

PETITION OF  
APPALACHIAN POWER COMPANY  
and  
AEP OHIO TRANSMISSION COMPANY, INC.

For approval pursuant to Code § 56-76 *et seq.*

**ORDER GRANTING APPROVAL**

On November 13, 2017, Appalachian Power Company ("APCo") and AEP Ohio Transmission Company, Inc. (AEP Ohio Transco") (collectively, "Petitioners"), filed a petition ("Petition") with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")<sup>1</sup> of an affiliate transaction on an emergency basis. Specifically, the Petitioners request approval by December 1, 2017, of a one-time transfer ("Transfer") from AEP Ohio Transco to APCo of a 3,000 pound anchor bolt cage and a ninety (90) foot medium angle steel monopole ("Transmission Assets") at their combined net book value of \$21,324.88.

The emergency situation concerns an active landslide area identified in April 2017 near APCo's Bim-Hopkins 69 kV line at Structure 414-25<sup>2</sup> near APCo's Van Station in West Virginia.<sup>3</sup> While APCo was investigating the cause of the landslide and developing mitigation plans for the site (the "Project"),<sup>4</sup> conditions deteriorated further due to heavy rains in August 2017, which led APCo to evacuate the residents from three houses below the landslide area and make plans to buy and demolish the houses. In October 2017, APCo determined that replacing Structure 414-25 with a custom monopole embedded in a concrete pier foundation tied into bedrock was the optimal solution available.<sup>5</sup> The Petitioners represent that the request for emergency approval by December 1, 2017, is tied to a tight Project construction schedule for laying the concrete foundation and erecting the new pole before the winter season hits. The Petitioners represent that AEP Ohio Transco has a suitable pole available immediately, while ordering a pole from third-party market sources would entail a three-month lead time and additional expedited order costs.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's Action Brief, is of the opinion and finds that the Petitioners' request for the Transfer of the Transmission Assets is in the public interest and, therefore, should be approved subject to the requirements listed in the Appendix attached to this Order.<sup>6</sup>

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Petitioners hereby are granted approval for the Transfer of the Transmission Assets subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

(1) The Commission's approval shall extend for one year from the effective date of the Order in this case.

(2) The Commission's approval shall have no accounting or ratemaking implications. Specifically, it shall not guarantee the recovery of, or accounting or ratemaking treatment provided for, any revenues, costs, or reimbursements directly or indirectly related to the Transfer.

(3) The Transfer of the Transmission Assets from AEP Ohio Transco to APCo shall be at the lower of cost or market.

(4) The Petitioners shall file a Report of Action ("Report") within sixty (60) days after the consummation of the Transfer. The Report shall include: (1) the effective date of the Transfer; (2) APCo's actual accounting entries (including any tax-related entries) to record the Transfer; and (3) a

<sup>1</sup> Code § 56-76 *et seq.*

<sup>2</sup> Structure 414-25 is a three-pole wooden structure embedded in the ground.

<sup>3</sup> Petitioners' Response to Staff Data Request No. 1-1.

<sup>4</sup> Petitioners' Response to Staff Data Request No. 1-3. The mitigation plans include a temporary drainage plan, a replacement transmission pole (the subject of this Petition), and plans for the construction of a Gabion basket wall and installation of a TECCO mesh area.

<sup>5</sup> Petitioners' Response to Staff Data Request No. 1-4.

<sup>6</sup> We note that the Petition lacked detail on the nature and extent of the Project emergency and the need for immediate Commission action. In the future, we encourage APCo to be more specific in its initial petitions, especially when expedited relief is sought.

schedule of the actual Transmission Assets transferred, by asset description, quantity, and dollar amount. The Transfer accounting entries shall be in accordance with the Uniform System of Accounts for electric utilities.

(5) Once the Project is completed, the Petitioners shall file a supplemental Report of Action ("Supplemental Report"). The Supplemental Report shall include: (1) the total cost of the Project; (2) APCo's accounting entries (including any tax-related entries) associated with assisting with the evacuation and other mitigation measures, such as buying and demolishing houses; and (3) a revenue requirement calculation showing the annual costs associated with the Project that will be included in Virginia's transmission rate adjustment clause.

(6) The Transfer transaction shall be included in APCo's next Annual Report of Affiliate Transactions, submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

**CASE NO. PUR-2017-00155  
DECEMBER 11, 2017**

APPLICATION OF  
VIRGINIA NATURAL GAS, INC.  
Principal Applicant  
and  
SOUTHERN COMPANY GAS, AGL SERVICES COMPANY, and  
SOUTHERN COMPANY GAS CAPITAL CORPORATION  
Affiliate Applicants

For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On November 15, 2017, Virginia Natural Gas, Inc. ("VNG"), Southern Company Gas ("SCG"), AGL Services Company ("AGL Services"), and Southern Company Gas Capital Corporation (collectively, "Applicants") filed an Application under Chapters 3<sup>1</sup> and 4<sup>2</sup> of Title 56 of the Code of Virginia ("Code") requesting authority for VNG to participate in a Utility Money Pool ("Utility Money Pool"), to issue and sell common stock to an affiliate, and to issue long-term debt to an affiliate. The amount of short-term debt proposed in the Application exceeds 12% of the total capitalization as defined in § 56-65.1 of the Code. Applicants paid the requisite fee of \$250.

The Applicants request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of \$150,000,000 through participation in the Utility Money Pool administered by AGL Services; (ii) issue long-term debt to SCG in an amount not to exceed \$250,000,000; and (iii) issue and sell common stock to SCG in an amount not to exceed \$300,000,000, all for the period January 1, 2018, through December 31, 2018.

Applicants' requested level of short-term debt borrowing authority through the Utility Money Pool is the same as previously requested and authorized in Case No. PUE-2016-00134.<sup>3</sup> Applicants represent that the requested authority for Utility Money Pool borrowings of up to \$150,000,000 is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state that the level of short-term borrowing requested will provide the flexibility needed by VNG to finance its operations on a short-term basis until management deems it appropriate to secure permanent, long-term financing based on capital market conditions and other criteria.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement, which was originally approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132.<sup>4</sup> With respect to the Utility Money Pool, loans to participants will be made in the form of open account advances for periods of less than 12 months. Borrowings will be payable on demand together with all interest accrued thereon. Interest on borrowings will accrue daily at a rate that will be determined based on the source of funds available in the Utility Money Pool.

If Utility Money Pool borrowings in a given month solely consist of surplus funds from participants ("Internal Funds"), the daily interest rate will be equal to the high-grade unsecured 30-day commercial paper rate of major corporations sold through dealers as quoted in *The Wall Street Journal*. If Utility Money Pool borrowings in a given month solely consist of proceeds from bank borrowings or the issuance of commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal Funds and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal Funds and External Funds.

The cost of compensating balances and fees paid to banks to maintain credit lines that support the availability of External Funds to the Utility Money Pool will be allocated to borrowing parties in proportion to their respective daily outstanding borrowing of External Funds. Borrowing parties will borrow pro rata from each fund source in the same proportion that the respective funds from each source bear to the total amount of funds available to the Utility Money Pool.

<sup>1</sup> Code § 56-55 *et seq.*

<sup>2</sup> Code § 56-76 *et seq.*

<sup>3</sup> *Application of Virginia Natural Gas, Inc., Southern Company Gas, AGL Services Company, and Southern Company Gas Capital Corporation, For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4 Title 56 of the Code of Virginia*, Case No. PUE-2016-00134, 2016 S.C.C. Ann. Rept. 473, Order Granting Authority (Dec. 21, 2016).

<sup>4</sup> *Application of Virginia Natural Gas, Inc., AGL Resources Inc., and AGL Services Company, For authority to issue short-term debt, long-term debt, and common stock to an affiliate*, Case No. PUE-2004-00132, 2004 S.C.C. Ann. Rept. 539, Order Granting Authority (Dec. 3, 2004).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

With respect to long-term debt issued by VNG to SCG, any terms and conditions thereon will mirror the terms and conditions of debt issued by SCG. If SCG does not issue long-term debt within one year from the date of the long-term debt issued by VNG, the rate of interest on that corresponding issue of VNG debt will be determined utilizing the interest rate on the comparable term U.S. Treasury Securities as reported in the H.15 Federal Reserve Statistical Release nearest to the time of the loan takedown, plus an appropriate credit spread for SCG's existing long-term debt rating. However, such VNG debt rate will be adjusted to match SCG's cost of borrowing if SCG subsequently issues long-term debt within one year after the VNG loan is drawn.

For common stock, VNG requests authority to issue up to 6,262 shares of common stock without par value to SCG. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term borrowings, to fund distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility purposes.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) VNG is authorized to participate in the Utility Money Pool and to incur short-term indebtedness in excess of 12% of capitalization not to exceed \$150,000,000 for the period January 1, 2018, through December 31, 2018, under the terms and conditions and for the purposes set forth in the Application, and subject to the requirements set forth in the Appendix attached to this Order.

(2) VNG is hereby authorized to issue long-term debt to SCG in an amount not to exceed \$250,000,000 and to issue and sell common stock to SCG in an amount not to exceed \$300,000,000 for the period January 1, 2018, through December 31, 2018, under the terms and conditions and for the purposes set forth in the Application, and subject to the requirements set forth in the Appendix attached to this Order.

(3) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

## APPENDIX

(1) Applicants shall seek additional Commission authority to alter or amend the terms and conditions set forth in the Application for participation in the Utility Money Pool or to change Utility Money Pool participants.

(2) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2018, Applicants shall file an application requesting such authority no later than November 15, 2018.

(3) Approval of this Application shall have no implications for ratemaking purposes.

(4) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.

(5) Applicants shall provide the Commission's Division of Utility Accounting and Finance with at least thirty (30) days' advance notice of the prospective amount and date of any dividend payment by VNG to any affiliate.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(7) Applicants shall file quarterly reports of action within sixty (60) days of the end of each calendar quarter following the date of this Order, to include:

- (a) A monthly schedule of Utility Money Pool borrowings, segmented by borrower (whether VNG or an affiliate); and
- (b) Monthly schedules that separately reflect interest expenses, each type of allocated fee, and an explanation of how both the interest rate and allocated fee have been calculated.

(8) Applicants shall, within ten (10) days after the issuance of any common stock or long-term debt pursuant to the authority granted herein, file a preliminary report with the Clerk of the Commission. Such report shall include the date of issuance, type of security, amount issued, and the respective interest rate, date of maturity, and other terms and conditions of any issuance.

(9) Applicants shall, within sixty (60) days of the end of each calendar quarter in which common stock or long-term debt securities are issued pursuant to the authority granted herein, submit a more detailed report to the Commission. Such report shall include the information noted in Appendix Paragraph (8) above, the cumulative amount of securities issued to date for each type of security and the amount of authorized but unissued securities that remain, a general statement concerning the purposes for which the securities were issued, a summary of all issuance costs incurred to date for each respective security issued, and a balance sheet reflecting the actions taken.

(10) Applicants shall file their final report of action with the Commission on or before March 4, 2019, to include all of the information outlined in Appendix Paragraphs (7) and (9) above, summarizing the financings entered into pursuant to Appendix Paragraphs (1) and (2) above during the fourth calendar quarter of 2018.



**CASE NO. PUR-2017-00161  
DECEMBER 15, 2017**

APPLICATION OF  
A&N ELECTRIC COOPERATIVE

For authority to refinance long-term debt

**ORDER GRANTING AUTHORITY**

On November 22, 2017, A&N Electric Cooperative ("ANEC" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3<sup>1</sup> of Title 56 of the Code of Virginia for authority to borrow up to \$8,150,000 ("New Note") from the National Rural Utilities Cooperative Finance Corporation ("CFC"). ANEC has paid the requisite fee of \$250.

ANEC is seeking authority to borrow up to \$8,150,000 from CFC to retire, prior to maturity, up to \$8,105,198 of outstanding notes with Rural Utilities Service ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the New Note is estimated to be a fixed rate of 3.76%. The New Note will have an 18-year maturity, and interest and principal payments will be made monthly. According to the application, ANEC expects to save approximately \$1.7 million of interest over the term of the New Note.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) ANEC is authorized to borrow up to \$8,150,000 from CFC to refinance a corresponding amount of outstanding RUS debt, under the terms and conditions and for the purposes stated in its application.

(2) Within thirty (30) days of the date of any advance of funds from CFC, the Cooperative shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount of the advance, the interest rate, the schedule for principal and interest payments, and the maturity date.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) This matter hereby is dismissed.

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<sup>1</sup> Code § 56-55 *et seq.*

## DIVISION OF SECURITIES AND RETAIL FRANCHISING

### CASE NO. SEC-2011-00037 MARCH 30, 2017

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

VALIANT HEALTH CARE, INC. d/b/a ACCESSIBLE HOME HEALTH CARE,  
Defendant

#### FINAL ORDER

On January 19, 2012, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Valiant Health Care, Inc. d/b/a Accessible Home Health Care ("Valiant" or "Defendant"). In the Rule, the Commission's Division of Securities and Retail Franchising ("Division") alleged that Valiant violated several provisions of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code"). Among other things, the Rule docketed the case, established a procedural schedule that included a date by which the Defendant was required to file a responsive pleading, scheduled a hearing and assigned the case to a Hearing Examiner.

The Defendant failed to file a responsive pleading by February 24, 2012, as required in the Rule. Following the response date, the case was continued generally at the Division's request based on the Defendant's pending bankruptcy proceeding. The Division, however, requested that the case move forward after the bankruptcy proceeding concluded in June 2015.

A hearing was convened on February 3, 2016. The Defendant did not appear. Donnie L. Kidd, Esquire, appeared on behalf of the Division. Mr. Kidd represented that the Division had not heard from the Defendant since 2012, the Defendant had not filed a responsive pleading as required by the Rule, and the Defendant failed to appear at the scheduled hearing. The Division moved for default judgment. The Division requested that, as part of a default judgment, the Commission find that the Defendant was deemed to: (1) have admitted substantive liability for the violations of the Act as set forth in the Rule; (2) have admitted the allegations supporting those violations; and (3) have waived all objections to the admissibility of any evidence presented.<sup>1</sup>

After the Chief Hearing Examiner accepted evidence regarding proof of service on the Defendant, the Division presented the testimony of Stephen D. Cava, senior investigator with the Division. The Chief Hearing Examiner accepted into evidence Mr. Cava's testimony as well as his affidavit with attachments.<sup>2</sup>

Following the March 22, 2016 hearing, Carl J. Khalil, Esquire, and Sada Sheldon, Esquire, filed a Notice of Appearance as counsel for the Defendant. On November 15, 2016, Mr. Khalil filed notice that he was withdrawing as counsel for Valiant and Ms. Sheldon filed a notice withdrawing as counsel on February 1, 2017. No other pleadings were filed on behalf of the Defendant.

On February 1, 2017, the Chief Hearing Examiner issued her report ("Report") which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In her Report, among other things, the Chief Hearing Examiner found that the Division established, by clear and convincing evidence, that the Defendants violated: (i) § 13.1-560 of the Act on one occasion by offering and selling one franchise in the Commonwealth of Virginia ("Virginia") prior to registering the franchise with the Division; (ii) § 13.1-563 (2) of the Act on two occasions by omitting material facts from the disclosures in the offer of a franchise, including failing to disclose to at least one potential franchisee that Aarif Dahod was a principal at Valiant, and failing to inform at least two potential franchisees that Mr. Dahod was convicted of securities fraud; (iii) § 13.1-563 (4) of the Act on one occasion by offering a franchise to a Virginia resident while providing a franchise agreement and a disclosure document which had not been registered with or cleared by the Division as required by rule or order of the Commission; and (iv) 21 VAC 5-110-40 of the Commission's Retail Franchising Act Rules on four occasions by failing to file amendments to the Defendant's registration regarding material changes, including three changes regarding Mr. Dahod's executive positions with the Defendant in 2009.

Based on these findings, the Chief Hearing Examiner recommended, among other things, that: (1) the Commission adopt the findings contained in the Report requiring the Defendant to offer to rescind the two Virginia franchises and penalizing the Defendant \$200,000; (2) offering to waive the monetary penalties if the Defendant provides restitution in the amount of \$71,000 to the two Virginia franchises (\$35,500 each) within ninety (90) days of the entry of any order requiring an offer of rescission; (3) permanently enjoining the Defendant from participating or registering as a franchise in Virginia pursuant to § 13.1-568 of the Act; and (4) awarding the costs of the investigation pursuant to § 13.1-567 of the Act in the amount of \$21,528.<sup>3</sup>

The Report allowed the parties 21 days to provide comments. Neither the Defendant nor the Division filed comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Chief Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the Chief Hearing Examiner's overall findings and recommendations are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Division's motion for judgment by default is hereby GRANTED.

<sup>1</sup> Tr. 4-5.

<sup>2</sup> Tr. 15, 23-24; Exh. 4 (Cava Affidavit).

<sup>3</sup> Exh. 4 at 8.

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(2) The Defendant, pursuant to § 13.1-570 of the Act, may offer to rescind the two (2) Virginia franchises and, if the offer is accepted, pay restitution in the amount of Seventy-one Thousand Dollars (\$71,000) to the two Virginia franchises (\$35,500 each).

(3) The Defendant is hereby PENALIZED, pursuant to § 13.1-570 of the Act, the sum of Two Hundred Thousand Dollars (\$200,000). This penalty, however, shall be waived if the Defendant complies with the requirements of Ordering Paragraph (2) and submits proof to the Division of such compliance within ninety (90) days of the entry of this Order.

(4) The Defendant is hereby DIRECTED, pursuant to § 13.1-567 of the Act, to pay the sum of Twenty-one Thousand Five Hundred Twenty-eight Dollars (\$21,528) for the costs of the Division's investigation.

(5) The Defendant is hereby PERMANENTLY ENJOINED from registering or participating as a franchise in Virginia.

(6) The Defendant is hereby PERMANENTLY ENJOINED from any future violations of the Act.

(7) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2013-00003  
JUNE 1, 2017**

PETITION OF  
JAMES F. CRAWFORD

Petition to Modify Amended Settlement Order

**ORDER**

On July 8, 2013, James F. Crawford ("Petitioner") as well as co-defendant Neal M. Woodard (collectively, "Defendants") entered into a settlement with the State Corporation Commission ("Commission").<sup>1</sup> As a part of the settlement, the Division of Securities and Retail Franchising ("Division") alleged, among other things, that the Defendants made material misrepresentations of fact in the offer and sale of securities designated as high risk to some of their retail clients by improperly marketing the securities as lower to moderate risk securities in violation of § 13.1-502 (2) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.<sup>2</sup>

The terms of the Settlement Order provided that (i) the Defendants pay jointly a monetary penalty of Thirty Thousand Dollars (\$30,000) within three years of the date of entry of the Settlement Order; (ii) the Defendants pay jointly the costs of investigation of Five Thousand Dollars (\$5,000) within one year of the date of entry of the Settlement Order; (iii) the Defendants' agent registrations be suspended for three months; (iv) the Defendants attend a special training on private placement securities; (v) the Defendants be placed on probation for a two-year period, including being placed under a Commission Special Supervision Order;<sup>3</sup> and (vi) the Defendants be required to provide a copy of the Settlement Order to their clients. The Defendants have complied with each of the terms of the Settlement Order except for the joint payment of the monetary penalty by the Defendants of Thirty Thousand Dollars (\$30,000) within three years of the date of the Settlement Order.

After entry of the Settlement Order, the Financial Industry Regulatory Authority, Inc. ("FINRA"), informed the Division of its position that any section of state law that includes language that alleges fraudulent, manipulative, or deceptive conduct subjects alleged violators to statutory disqualification under federal law. At the Defendants' request in 2014, and in recognition of FINRA's position of statutory disqualification, another provision was added to the Settlement Order to address any potential interpretive issues with federal regulators. The language added to the Settlement Order, found in Undertaking Paragraph (7) of the Amended Settlement Order,<sup>4</sup> states that the order shall not be construed, and is no way intended, to serve as a basis for statutory disqualification under federal law.<sup>5</sup>

On February 21, 2017, the Petitioner, by counsel, filed with the Clerk of the Commission a Petition to Modify Amended Settlement Order of October 2, 2014 on Behalf of Defendant/Petitioner James Crawford ("Petition").<sup>6</sup> In the Petition, the Petitioner requested that the Amended Settlement Order be modified to include that the Division's investigation concluded that the Petitioner's alleged actions lacked scienter and otherwise did not constitute fraudulent, manipulative or deceptive conduct. Second, the Petitioner requested that the penalty jointly agreed to by Defendants be split so that Petitioner is only responsible for one half of the monetary penalty of Thirty Thousand Dollars (\$30,000).

<sup>1</sup> *Comm'n of Virginia ex rel., State Corporation Commission v. James F. Crawford and Neal M. Woodard*, Case No. SEC-2013-00003, 2013 S.C.C. Ann. Rept. 482, Settlement Order (July 8, 2013) ("Settlement Order").

<sup>2</sup> The Division also alleged that the Defendants violated 21 VAC 5-20-280 G of the Commission's Rules Governing Broker-dealers, Broker-dealers Agents, and Agents of the Issuer, 21 VAC 5-20-10 *et seq.*, ("Commission Rules") as well as Commission Rule 21 VAC 5-20-280 A (3).

<sup>3</sup> *In the Matter of James F. Crawford and Neal M. Woodward*, Case No. SEC-2013-00003, 2013 S.C.C. Ann. Rept. 481, Order Imposing Special Supervisory Procedures (July 8, 2013).

<sup>4</sup> *Comm'n of Virginia ex rel., State Corporation Commission v. James F. Crawford and Neal M. Woodard*, Case No. SEC-2013-00003, 2014 S.C.C. Ann. Rept. 503, Amended Settlement Order (Oct. 2, 2014) ("Amended Settlement Order").

<sup>5</sup> Subject to FINRA's position on statutory disqualification under federal law, the Petitioner is currently unemployed in the securities industry and is not a licensed member of FINRA.

<sup>6</sup> See Petition, Doc. Con. Cen. No. 141010044.

On March 13, 2017, the Division filed a Response<sup>7</sup> to the Petition in which it objected to the Petition because it would require the Commission to make findings in a case that had no evidentiary proceeding. In addition, the Division objected to splitting the imposed monetary penalty since the Amended Settlement Order clearly indicates that the penalty is jointly imposed.

On March 29, 2017, the Petitioner filed a Reply<sup>8</sup> in which the Petitioner requested that if the Commission determines that the Amended Settlement Order is sufficiently clear on its face and additional amendments are not permitted that the Commission enter an order addressing the Petition by stating that the Amended Settlement Order did not need to be amended because the alleged violations of § 13.1-502 (2) of the Act do not require a finding of scienter, that the Petitioner was not found by evidentiary hearing to have acted with scienter, and that § 13.1-502 (2) of the Act is not a law or regulation that prohibits fraudulent, manipulative or deceptive conduct.

NOW THE COMMISSION, upon consideration of the record, the applicable statutes, and Commission Rules, is of the opinion and finds that the Settlement Order and the Amended Settlement Order identified alleged violations of § 13.1-502 (2) of the Act, which on its face does not contain "fraud, manipulation and deception" language. Section 13.1-502 (1) and (3), which were not alleged to have been violated in the Settlement Order and the Amended Settlement Order, do contain language identifying fraudulent actions. We also note that the Commission did not make a finding of the Defendants' violation of any provision of the Act or the Commission Rules. The Defendants neither admitted nor denied the alleged violations presented in the Settlement Order and the Amended Settlement Order, which were entered without a Commission finding of fact or conclusion of law and, therefore, do not require modification as to the underlying alleged violations of the Act and the Commission Rules. The Commission further finds that the penalty jointly agreed to by the Defendants in the Settlement Order and the Amended Settlement Order should be split so that the Petitioner is only responsible for one half, Fifteen Thousand Dollars (\$15,000), of the monetary penalty of Thirty Thousand Dollars (\$30,000).<sup>9</sup>

Accordingly, IT IS ORDERED THAT:

- (1) The Amended Settlement Order is modified and clarified as set forth above.
- (2) Except as modified herein, the Amended Settlement Order shall remain in full force and effect.
- (3) This Commission shall retain jurisdiction in this matter for all purposes, including a show cause proceeding or take such action it deems appropriate regarding any failure to comply with the terms of this Order.

<sup>7</sup> Response of Division of Securities and Retail Franchising to Petition of James F. Crawford ("Response"), Doc. Con. Cen. No. 170320031.

<sup>8</sup> Reply in Support of Petition to Modify Amended Settlement Order of October 2, 2014 on Behalf of Defendant/Petitioner, James Crawford, Doc. Con. Cen. No. 170330104.

<sup>9</sup> The Petitioner has not paid any portion of the monetary penalty owed but has complied with the remaining terms of the Amended Settlement Order.<sup>9</sup>

**CASE NO. SEC-2015-00052  
MAY 26, 2017**

COMMONWEALTH OF VIRGINIA *ex rel.*  
STATE CORPORATION COMMISSION

v.  
LPL FINANCIAL LLC,  
Defendant

**CONSENT ORDER**

LPL Financial LLC ("LPL") is a broker-dealer registered in the Commonwealth of Virginia ("Virginia"), Central Registration Depository No. 6413. LPL also is an investment advisor registered with the Securities and Exchange Commission, and notice filed in Virginia with the Division of Securities and Retail Franchising ("Division").

State securities regulators from multiple jurisdictions conducted a coordinated investigation of LPL to determine whether non-traded real estate investment trust ("REIT") sales transactions executed by LPL during the time period beginning January 1, 2008 through December 31, 2013, violated respective state laws.

LPL cooperated with state regulators conducting the investigation by responding to inquiries, providing documentary evidence, and identifying executed sales transactions ("Sales Transactions") that were sold in violation of (a) the prospectus standards of the specific REIT, (b) a given state's concentration limit, if applicable,<sup>1</sup> or (c) LPL's own guidelines for the sale of alternative investments ("Alternative Investments"), including but not limited to non-traded REITs.

The investigation identified non-traded REIT Sales Transactions to investors in Virginia, sold in excess of at least one of the above-stated prospectus standards, or LPL's own guidelines, which the Division alleges constitutes a violation of Rule 21 VAC 5-20-260 of the Commission Rules Governing Broker-Dealers, Broker-Dealer Agents and Agents of the Insurer, 21 VAC 5-20-10, *et seq.* ("Commission Rules").

<sup>1</sup> Virginia does not have an established statutory or regulatory concentration standard.

LPL has agreed to resolve the investigations through the offer of a multistate settlement which includes this Consent Order ("Order"). Further, LPL admits to the jurisdiction of the Virginia State Corporation Commission ("Commission") in this matter and, as part of this settlement, agrees to comply with Virginia's securities laws.

LPL, without admitting or denying the findings of fact and conclusions of law contained herein, voluntarily consents to the entry of this Order and waives any right to a hearing and appeal under §§ 12.1-28 and 12.1-39 of the Code of Virginia ("Code") regarding this Order.

NOW THEREFORE, the Commission, as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code, hereby enters this Order.

## I. FINDINGS OF FACT

### A. LPL's Background

(1) LPL's principal place of business is located at 75 State Street, 24<sup>th</sup> Floor, Boston, Massachusetts 02109. LPL currently maintains branch offices in Virginia.

(2) During the time period from and including January 1, 2008 through December 31, 2013, LPL offered multiple non-traded REITs through its branch offices in Virginia.

(3) Non-traded REITs are specifically identified by LPL as a form of "Alternative Investment."

(4) Non-traded REITs generally carry significant investor risk in that they present liquidity risk and often have lengthy holding periods, restricted redemption options, and variable withdrawal periods determined by issuer-specific programs.

### B. Relevant Disciplinary History

(5) On February 6, 2013, LPL entered into a Consent Order with the Commonwealth of Massachusetts regarding certain sales of non-traded REITs to Massachusetts residents ("MA Order") during the time period of January 1, 2006 through February 6, 2013.

(6) Subsequent to the MA Order, LPL began a review of its Sales Transactions involving non-traded REITs to residents of jurisdictions other than Massachusetts sold after October 1, 2010.

(7) On January 28, 2014, LPL entered into an Acceptance, Waiver and Consent Agreement ("AWC") with the Financial Industry Regulatory Authority ("FINRA") which was accepted by FINRA on March 24, 2014. This FINRA AWC sets forth that LPL accepted and consented to findings, without admitting or denying the findings, that between January 1, 2008 and July 1, 2012, LPL violated National Association of Securities Dealers ("NASD") Rules 3010 (a) and (b), 2110 and FINRA Rule 2010 by failing to implement an adequate supervisory system for the sale of Alternative Investments that was reasonably designed to achieve compliance with suitability requirements.

### C. Identification of Sales Transactions that Constitute Violations

(8) Subsequent to the above referenced Massachusetts action, LPL began a review of its Sales Transactions from October 2010 to August 2013 to identify those Sales Transactions that exceeded one or more of the following:

- a. The particular REIT's prospectus standards;
- b. A state's concentration limits (if applicable); or
- c. LPL's Alternative Investment Guidelines.

(9) As a result of the multiple jurisdiction-coordinated investigation, LPL began a review of its Sales Transactions from January 1, 2008 through December 31, 2013 to identify those non-traded REIT Sales Transactions that exceeded one of the following:

- a. The particular REIT's prospectus standards;
- b. A state's concentration limits (if applicable); or
- c. LPL's Alternative Investment Guidelines.

(10) During the time period from and including January 1, 2008 through December 31, 2013, LPL processed over 2,000 transactions in various jurisdictions that were sold in excess of the REIT's prospectus standards, various state concentration limits (where applicable) or LPL's Alternative Investment Guidelines.

(11) LPL's internal review of its non-traded REIT sales transactions identified the date, amount of the transaction, account number, product, client name, client age, state of residence at the time of the transaction, annual income, net worth, liquid net worth, total Alternative Investments, total non-traded REIT investments, and percentage of total Alternative Investments to the investor's liquid net worth.

(12) Beginning in calendar year 2013, LPL began contacting certain states and identifying transactions that exceeded prospectus standards, state concentration limits (where applicable) or its own Alternative Investment Guidelines.

(13) LPL agreed to cooperate with the multiple jurisdiction-coordinated investigation from the beginning of the investigation. LPL provided extensive cooperation with the multiple jurisdiction investigation, including: (1) providing information about transactions irrespective of the jurisdiction in which transactions occurred; and (2) identifying Sales Transactions that exceeded state concentration limits (where applicable), REIT prospectus standards, or LPL's Alternative Investment Guidelines applicable to the sale of non-traded REITs.

## II. CONCLUSIONS OF LAW

(14) The Commission has jurisdiction over this matter pursuant to the Act.

(15) At all times relevant, and pursuant to the Act, LPL was required to implement an adequate supervisory system regarding the sale of non-traded REITs that was reasonably designed to achieve compliance with Commission Rule 21 VAC 5-20-260D and FINRA Rule 3110 and pursuant to Commission Rule 21 VAC 5-20-260D and FINRA Supervisory Control Rule 3120, LPL was required to enforce its written procedures regarding the sale of non-traded REITs.

(16) Based upon the above facts, from and including January 1, 2008 through December 31, 2013, LPL failed to implement an adequate supervisory system that was reasonably designed to achieve compliance with Commission Rule 21 VAC 5-20-260D and FINRA Rule 3110, regarding its sale, through Virginia representatives, of non-traded REITs.

(17) From and including January 1, 2008 through December 31, 2013, LPL failed to enforce its written procedures to supervise the activities of its registered representatives in violation of Commission Rule 21 VAC 5-20-260D and FINRA Supervisory Control Rule 3120.

(18) As a result, this Consent Order and the following relief is appropriate and in the public interest.

## III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and the consent of LPL to the entry of this Consent Order,

IT IS HEREBY ORDERED:

(1) LPL shall refrain from violating the Virginia Securities Act, § 13.1-501 *et seq.* of the Code and Commission Rule 21 VAC 5-20-260D.

(2) LPL shall offer to make payment for losses ("Payment")<sup>2</sup> for all non-traded REITs sold by LPL to LPL clients from and including January 1, 2008 through December 31, 2013, who were Virginia residents at the time they purchased the non-traded REIT (regardless of whether the shares of the non-traded REIT are currently held in an LPL account or the individual or entity no longer resides in Virginia) ("Virginia Investors") that exceeded any of the following:

- a. Those transactions made which exceeded or were inconsistent with a non-traded REIT prospectus prescribed minimum net worth or annual income standards; or
- b. Those transactions in which the principal invested amount exceeded LPL's Alternative Investment Guidelines, or those transactions which were processed inconsistent with LPL's policies and procedures, including LPL's Compliance Manual and Written Supervisory Procedures (a, and b referred to jointly as "Virginia Investor Sales Transactions").

(3) LPL shall create a team of individuals who are primarily dedicated to assisting Virginia Investors with LPL's remediation of Virginia Investor Sales Transactions ("Claim Team"). The Claim Team shall establish a dedicated phone number and be the central point of contact for any client or former client seeking information about a non-traded REIT Sales Transaction during the relevant time period, and for any Virginia Investor making any inquiry or claim, until such time as LPL delivers the report required in Ordering Paragraph 14 and the representative or representatives designated by the NASAA (the "NASAA Representative") confirms that the Claim Team is no longer necessary.

(4) LPL or its designee shall send an offer of Payment to eligible Virginia Investors with Virginia Investor Sales Transactions ("Offer Letter"). The Offer Letter will be sent to the LPL address of record for all eligible Virginia Investors, which shall be mailed to Virginia Investors within fifteen (15) days of the latter of the completion of the third party review set forth in Ordering Paragraph 13 or the execution of this Order. LPL will provide a copy of the letters sent to the Virginia Investors to the Division. The offer communicated in the Offer Letter shall remain open for ninety (90) days from the date of mailing. Within thirty (30) days of the mailing of the Offer Letter, LPL shall provide to the Division a list of all Virginia Investors for whom LPL receives an offer as return to sender ("Undeliverable Virginia Residents"). To the extent the Division has access to different mailing address information for Undeliverable Virginia Residents, LPL agrees to mail a second Offer Letter to Virginia Investors within thirty (30) days of the Division providing such different address. Virginia Investors who choose to accept the offer of Payment shall be required to sign a release in a form not unacceptable to the NASAA Representative, agreeing to waive any further claims against LPL or its agents relating to any violation set forth in this Order, giving rise to the offer of Payment, and agreeing to offset any additional claims relating to identified transactions by the amount received by this Order. In addition, Virginia Investors who choose to accept the offer of Payment must agree to tender their existing shares in the non-traded REIT giving rise to the offer of Payment to LPL or its designee, as a precondition to receipt of payment by LPL.<sup>3</sup> The offer Payment shall be in the form of a credit to an existing LPL account or a check as elected by existing LPL clients or a check for former LPL clients.

(5) All eligible Virginia Investor Sales Transactions described above shall be given notice of and the opportunity to accept LPL's offer of Payment as set forth in the above Ordering Paragraphs 2 and 4.

(6) LPL shall provide to the Division the most recent contact information for each Virginia Investor at or before the time LPL sends the Offer Letters.

<sup>2</sup> The term "Payment," with respect to the offers contemplated herein, shall be based on a methodology as agreed to by the representative designated by the North American Securities Administrators Association ("NASAA") that takes into account, singularly or in any combination, the following: (i) non-traded REIT shares still held; (ii) previously sold or redeemed non-traded REIT shares; (iii) non-traded REITs that are now publicly traded themselves, or are now subsumed within a publicly traded security; and (iv) non-traded REITs that have had a special or extraordinary capital distribution.

<sup>3</sup> For any Virginia Investor who may have a physical certificate(s) of the identified non-trade REITs, LPL will provide these Virginia Investors additional time (not unacceptable to the Division) to locate all physical certificate(s).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(7) Within forty-five (45) days of the expiration of the offer communicated in the Offer Letter, LPL agrees to prepare and submit to the Division a report detailing the amount of funds reimbursed pursuant to this Order, which shall include:

- a. Identification of all accepted offers; and
- b. Dates, amounts, and methods of the transfer of funds for all payments of remediation.

(8) Within one hundred and eighty (180) days of the date of the mailing of the Offer Letters, LPL agrees to prepare and submit to the Division and the NASAA Representative a report detailing the amount of funds reimbursed pursuant to the Order, which shall include:

- a. Identification of all offers made;
- b. Identification of all accepted offers;
- c. Identification of all claims made to LPL;
- d. Identification of any claim denied by LPL; and
- e. Dates, amounts, and methods of the transfer of funds for all payments of remediation.

(9) In accordance with the terms of the settlement of this multiple jurisdiction investigation, and taking into consideration LPL's efforts to remediate supervisory and systems issues and to self-report sales violations to certain jurisdictions, and LPL's cooperation in this matter, pursuant to § 13.1-518 of the Code, LPL shall pay as costs of investigation within ten (10) business days of the entry of this Order Twenty-Eight Thousand ninety-five Dollars and Thirty-Eight Cents (\$28,095.38), to the Treasurer of Virginia, the sum of which represents Virginia's portion of the total payment of One Million Four Hundred Twenty-Five Thousand Dollars Even (\$1,425,000) to be paid by LPL to the states collectively.

(10) At the request of LPL, the Division may extend, for good cause shown, any of the procedural dates set forth above relating to Virginia and Virginia Investors.

(11) LPL agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any commercial insurance policy, with regard to the penalty amount that LPL shall pay pursuant to Ordering Paragraph 9 of this Order.

(12) LPL and its designee agrees that it shall not claim, assert or apply for a tax deduction or tax credit with regard to any state, federal or local tax for the penalty amount that LPL shall pay pursuant to Ordering Paragraph 9 of this Order, unless otherwise required by law.

(13) LPL retained an independent third party, not objectionable to the NASAA Representative. The third party was responsible for analyzing the electronic data set provided by LPL of Sales Transaction data representing the executed sales of non-traded REITs by LPL from and including January 1, 2008 through December 31, 2013. The third party has identified Virginia Sales Transactions that violated (a) REIT prospectus standards, or (b) LPL's own guidelines for the sale of Alternative Investments, and those transactions which were processed inconsistent with LPL's policies and procedures, including LPL's Compliance Manual and Written Supervisory Procedures. The Virginia Investor Sales Transactions identified by the third party have been sent to LPL and the NASAA representative. This provision and the use of an independent third party does not relieve LPL of its obligations under Ordering Paragraph 2 of this Order.

(14) LPL did cause its Internal Audit department to confirm that the data provided to the third party was the most complete data set available reflecting executed non-traded REIT Sales Transactions during the relevant period.

The Internal Audit department also shall review and confirm that LPL has made offers relating to the Virginia Investors Sales Transactions consistent with this Order. A report by the Internal Audit department of its review and confirmation that LPL has made offers consistent with this Order shall be sent to the NASAA Representative within ten (10) days of the completion of the Internal Audit department's report.

(15) LPL has provided a written report to the NASAA Representative regarding: the supervisory system for the review of Alternative Investment transactions; the surveillance programs related to Alternative Investment transactions; and the systems for maintaining execution data related to Alternative Investments. Upon request, the NASAA Representative shall make a copy of the written report available to the Division.

(16) This Order is not intended to subject LPL to disqualification under federal securities laws, rules or regulations thereunder, or the rules and regulations of any self-regulatory agency, nor the laws, rules or regulations of the various states and U.S. Territories, including without limitation, any disqualification from relying upon the registration exemption or the safe harbor provisions. In addition, this Order is not intended to be the basis for any such disqualifications.

NOTE: A copy of "Consent to Entry of Consent Order" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2015-00064  
MARCH 16, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

FRANTZ BOUCHEREAU, WILLIE DENTON, and EQUISHARE DEVELOPMENT, INC.,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Frantz Bouchereau ("Bouchereau"), Willie Denton ("Denton") and Equishare Development, Inc. ("Equishare") (collectively, "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

At all relevant times, Equishare was a Delaware corporation with its principal place of business in Woodbridge, Virginia. Equishare was created to develop and solicit investments for a real estate project known as Glenview in North Carolina. At all relevant times, Bouchereau and Denton were Virginia residents and principals of Equishare. Specifically, Bouchereau was Equishare's president and chief executive officer. Denton was Equishare's vice president and chief operating officer. Both Bouchereau and Denton were responsible for Equishare's day-to-day operations.

The Division alleges that starting in 2006, the Defendants offered and sold unregistered interests in the profits of Glenview to at least eight investors ("Investors"), totaling at least Two Hundred Twenty-one Thousand Dollars (\$221,000) ("Offering"). The Division further alleges that the Defendants informed the Investors that the Offering was exempt from registration pursuant to Section 4 (2) of the Federal Securities Act, Rule 506 ("Reg D Exemption"), though no such Reg D Exemption filings had been made. Denton and Bouchereau also were not registered to offer and sell securities within the Commonwealth of Virginia ("Virginia").

Moreover, the Division alleges that the Defendants informed the Investors that they would be repaid within 24 months of their investment or that the Glenview property would be sold to repay investors if needed. However, the Division alleges that the Glenview property was not owned by the Defendants and the Offering did not provide the Investors any interest in the Glenview property or the entity that actually owned the Glenview property.

The Division also alleges that the Investors have demanded a return of their investment but have not received any principal or interest payments from the Defendants, despite ongoing promises from the Defendants to make such payments. Further, the Division alleges that the Defendants have not taken any action to seek liquidation of the Glenview property as promised to the Investors and the Division.

Based upon the investigation, the Division alleges that Defendants Bouchereau and Denton each violated § 13.1-504 and § 13.1-507 of the Act on at least eight occasions by offering and selling unregistered securities in and from Virginia without themselves being registered to offer and sell these securities. The Division further alleges that Equishare violated § 13.1-507 of the Act by offering and selling unregistered securities in and from Virginia. The Division also alleges that the Defendants violated § 13.1-502 (2) of the Act on at least 16 occasions by promising each of the eight Investors that (a) the Glenview property was collateral that could be sold if necessary to repay investors, although Equishare did not own the property in question and thus had no authority to make these promises; and (b) the Offering was exempt when it was not, and no steps had been taken to file for the purported exemption.

If the standards of the statute are met, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

As a proposal to resolve all matters arising from these allegations, the Defendants have made an offer to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants admit to the Division's allegations regarding § 13.1-504 and § 13.1-507 of the Act and admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"), but neither admit nor deny the Division's remaining allegations.

(2) The Defendants, jointly and severally, will pay to the Treasurer of Virginia the amount of Two Hundred Fifty-six Thousand Dollars (\$256,000). The penalty will be waived if the Defendants, jointly and severally, make restitution to the eight Investors by making payment in the amount of Two Hundred Twenty-one Thousand Dollars (\$221,000), on a pro rata basis, to the Investors within two years of the date of the entry of this Order.

(3) The Defendants agree to a two-year bar prohibiting the Defendants from conducting any securities business in or from Virginia, including, but not limited to, as investment advisors, investment advisor representatives, issuers, agents of the issuer, broker-dealers or broker-dealer agents.

(4) The Defendants will not violate the Act in the future.

(5) The Defendants will provide each Investor a copy of this Order within 30 days of its entry.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.



Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2016-00037  
MAY 23, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
EXPANSION INDUSTRIES, LLC  
and  
RICHARD SMISSEN,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Expansion Industries, LLC ("Expansion") and Richard Smissen ("Smissen") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Expansion is located at 9 Corporate Way, Suite B, Evington, Virginia, and was formed as a limited liability company within the state of Delaware on September 25, 2013. According to records in the office of the Clerk of the Commission, Expansion registered to conduct business within the Commonwealth of Virginia ("Virginia") on March 27, 2014. At the time of filing, Smissen was listed as the president and managing member.

During an Internet search on April 11, 2016, for Expansion, the investigator found an operational website for the company. Review of the website confirmed that it was the same Expansion as described above. As explained on the website, and as of July 28, 2016, Expansion is in the business of producing, and subsequently selling, gun ammunition. As stated on the website, Expansion was founded in 2014 with the purpose of meeting the ammunition demand of individuals in the Central Virginia area.

In April 2016, the Division was informed of an investment opportunity being offered by Expansion in a fund named Ammo Component Fund ("Fund"). As stated in the Fund offering documents, investments in the Fund could be made by an individual or a business, could be held in a person's individual retirement account, and dividends would be paid semi-annually at a rate of 8.95%.

The Fund brochure states that Merrill Lynch would administer the Fund, and it included the name, picture, title, branch office address, phone number and email address of a Merrill Lynch employee. The brochure also included a draft promissory note for prospective investors to review. Information pertaining to the Fund was found on Expansion's website, [www.expansion-industries.com](http://www.expansion-industries.com). During the investigation, it was learned the Fund was promoted at gun shows throughout Virginia.

A review of the documents during the investigation revealed that at least one individual did make an investment in the Fund.

A review of Division records and the Securities and Exchange Commission EDGAR database<sup>1</sup> revealed that neither Expansion nor Smissen made any filings to register the securities, nor does it appear that the securities were exempt from registration (no notice filings were made). Additionally, an issuer and agent of the issuer search in Division registration records for "Expansion Industries or Richard Smissen" resulted in no records being found.

The Division alleges that in violation of § 13.1-507 of the Act, the securities which were offered and subsequently sold to at least one investor were not registered or exempt from registration requirements. The Division requires securities which will be offered and sold in Virginia to be properly registered pursuant to the Act and rules. This includes the offer and sale of promissory notes, which under § 13.1-501 of the Act are presumed to be securities. The Division's review of the appropriate databases did not result in any securities registration or exemption filing documents for Expansion.

In addition, the Division alleges that in violation of § 13.1-504 A of the Act, Smissen conducted the actual offer and sale of securities on behalf of Expansion when he was not registered to conduct such activity. As required by statute, agent registration is required prior to any firm or individual offering securities.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration; and (ii) § 13.1-504 A of the Act by transacting business in the Commonwealth of Virginia without duly being registered with the Division as an agent of the issuer.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

<sup>1</sup> EDGAR is the system in which issuers file registration filings as required under federal securities laws.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of One Thousand Five Hundred Dollars (\$1,500) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Five Hundred Dollars (\$500) to defray the costs of investigation.

(3) The Defendants will make an offer of rescission to one investor pursuant to the following:

(a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission sent by certified mail to the one investor, which will include an offer to repay Twenty Thousand Dollars (\$20,000), and provides that the investor will have thirty (30) days from the date of receipt of the offer of rescission to provide the Defendants with written notification of his decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to the investor.

(c) The Defendants will include with the written offer of rescission a copy of this Order.

(d) If the offer of rescission is accepted, the Defendants will forward the payment to the investor within fifteen (15) days of receipt of the acceptance.

(e) Within ninety (90) days from the date of the Order, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which the investor received the offer of rescission, the response, and, if applicable, the amount and the date that payment was sent.

(4) The Defendants will not offer securities in Expansion for a period of six (6) months from the date of entry of this Order.

(5) On or before December 31, 2017, and December 31, 2018, the Defendants will submit to the Division, a list of any investors in the Fund, including name, address, the type of investment and the amount of the investment.

(6) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2016-00039  
MAY 15, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

YOFRESH YOGURTS FRANCHISING, INC.

and

CHRISTOS T. GREGORIS a/k/a CHRIS T. GREGORIS, a/k/a CHRISTOPHER GREGORIS,  
Defendants

**JUDGMENT ORDER**

On August 17, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Division of Securities and Retail Franchising ("Division") against YoFresh Yogurts Franchising, Inc. ("YoFresh"), and Christos T. Gregoris a/k/a Chris T. Gregoris or Christopher Gregoris ("Gregoris") (collectively, "Defendants"). Specifically, the Division alleged that the Defendants each had violated §§ 13.1-560, 13.1-563 (2) and 13.1-563 (4) of the Virginia Retail Franchise Act ("Franchise Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Among other things, the Rule directed the Defendants to file a responsive pleading, scheduled a hearing, and assigned the matter to a hearing examiner ("Hearing Examiner") to conduct further proceedings. Following service of the Rule upon them, the Defendants filed no answer or other responsive pleading to the Rule, or otherwise communicated with the Division.

On February 6, 2017, the Division filed a Motion for Default Judgment ("Motion") together with proof of service of the Rule,<sup>1</sup> and the Affidavit of Carmen I. Clifford, Investigator, ("Ms. Clifford") with supporting exhibits.<sup>2</sup> Based on information supplied in its Motion, the Division recommended that the Commission find the Defendants in default.<sup>3</sup> Among other things, the Division further requested that the default judgment include a provision that if the Defendants pay restitution to the Virginia franchisees, the Commission would waive the civil penalties.<sup>4</sup>

The hearing on the Rule was convened on April 4, 2017. The Division appeared by counsel, and the Defendants failed to appear at the hearing and were found in default pursuant to Ordering Paragraph (6) of the Rule. The Division's Motion was taken under advisement. Ms. Clifford testified on behalf of the Division.

On April 24, 2017, the Hearing Examiner issued his report ("Report") which summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendants violated §§ 13.1-560, 13.1-563 (2), and § 13.1-563 (4) of the Franchise Act.

Based on these findings, the Hearing Examiner recommended, among other things, that: (i) the Commission adopt the findings contained in the Report; (ii) the Division's motion for judgment by default should be granted; (iii) the comment period to the Report should be waived since the Defendants are in default; and (iv) the Defendants' violations of the Act support the maximum penalties permitted under Virginia law.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the Hearing Examiner's overall findings and recommendations are reasonable and should be adopted, except that the Defendants shall first be afforded an opportunity to rescind the Franchises and make restitution to the Virginia franchisees pursuant to § 13.1-570 of the Franchise Act before assessing a penalty against them.

Accordingly, IT IS ORDERED THAT:

- (1) The Division's Motion for judgment by default is hereby GRANTED.
- (2) YoFresh is hereby PENALIZED, pursuant to § 13.1-570 of the Franchise Act, the following sums:
  - (a) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-560 of the Franchise Act;
  - (b) One Hundred Thousand Dollars (\$100,000) for four violations § 13.1-563 (2) of the Franchise Act; and
  - (c) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-563 (4) of the Franchise Act.
- (3) Gregoris is hereby PENALIZED, pursuant to § 13.1-570 of the Franchise Act, the following sums:
  - (a) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-560 of the Franchise Act;
  - (b) One Hundred Thousand Dollars (\$100,000) for four violations of § 13.1-563 (2) of the Franchise Act; and
  - (c) Fifty Thousand Dollars (\$50,000) for two violations of § 13.1-563 (4) of the Franchise Act.

<sup>1</sup> Motion, Attachments 1 and 2.

<sup>2</sup> *Id.*, Attachment 3.

<sup>3</sup> *Id.* at 5.

<sup>4</sup> *Id.* at 5.

(4) Pursuant to § 13.1-570 of the Franchise Act, the Defendants shall have ninety (90) days from the date of entry of this order in which they may rescind the franchises and to make restitution to the Virginia franchisees before a penalty is assessed against them.

(5) The Defendants are hereby DIRECTED, jointly and severally, pursuant to § 13.1-567 of the Franchise Act, to pay the sum of Five Thousand Dollars (\$5,000) for the costs of the Division's investigation.

(6) YoFresh is hereby PERMANENTLY ENJOINED from registering or participating as a franchise in Virginia.

(7) The Defendants are hereby PERMANENTLY ENJOINED from any future violations of the Act.

**CASE NO. SEC-2016-00043  
MARCH 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
MAXIMIZED LIVING HEALTH CENTERS, LLC,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Maximized Living Health Centers, LLC ("Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

The Defendant is a Florida limited liability company organized on January 14, 2005. The Defendant sells franchises that offer chiropractic services with a holistic approach.

The Defendant formerly filed an application for registration with the Division in 2008. The Defendant's 2008 application was later withdrawn on August 20, 2009. As a result, the Defendant never registered its franchise with the Division to be offered or sold in the Commonwealth of Virginia ("Virginia"). On February 2, 2009, and November 29, 2013, the Defendant sold two franchises to be operated in Chesapeake and Leesburg, Virginia, respectively. Prior to the entry of this Settlement Order ("Order"), the Defendant entered into a Mutual Release Termination Agreement with the Chesapeake franchisee. Currently, only the Leesburg franchise continues to operate. The Division further alleges that the Defendant circumvented regulatory oversight when it failed to provide two prospective franchisees with a franchise agreement and a disclosure document as required by rule or order of the Commission.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide prospective franchisees with (i) the franchise agreement; and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the Division's allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from the Division's allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneous with the entry of this Order, the amount of Thirty Thousand Dollars (\$30,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer, contemporaneous with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation.

(3) The Defendant will provide a copy of this Order to all current and former Virginia franchisees.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2016-00044  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
KLINE FRANCHISING, INC. d/b/a BURN BOOT CAMP  
and  
DEVAN KLINE,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Kline Franchising, Inc. d/b/a Burn Boot Camp ("Kline Franchising") and Devan Kline ("Mr. Kline") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Kline Franchising is a North Carolina corporation doing business as Burn Boot Camp ("BBC"). Kline Franchising was organized on October 9, 2014. Mr. Kline is the founder and president of BBC and at all relevant times was the sole principal of BBC. BBC offers a fitness boot camp for women comprised of a series of fitness programs built around proprietary high intensity workout routines. The Defendants never registered BBC to be offered or sold as a franchise in the Commonwealth of Virginia ("Virginia"). However, from November 8, 2015 to May 20, 2016, the Division alleges that the Defendants sold three unregistered BBC franchises to be located in Virginia to three separate Virginia franchisees ("Virginia Franchisees").

Further, the Division alleges that the Defendants failed to provide the Virginia Franchisees a Franchise Disclosure Document ("FDD") and franchise agreement cleared for use by the Division in connection with the unregistered sales. A cleared FDD and franchise agreement provide material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. Because no cleared FDD and franchise agreement were provided to the Virginia Franchisees, the Division alleges that regulatory oversight was circumvented.

Prior to the entry of this Order, the Defendants voluntarily offered rescission to the Virginia Franchisees. Each of the Virginia Franchisees accepted the Defendants' offer of rescission and the initial franchise fees were returned to the respective Virginia Franchisees.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide the Virginia Franchisees with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Fifteen Thousand Dollars (\$15,000) in monetary penalties.
- (2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Four Thousand Dollars (\$4,000) to defray the costs of investigation.
- (3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2016-00046  
MARCH 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

NEW YORK BAGEL ENTERPRISES, INC., JOSEPH V. SMITH, and DENNIS KENNETH MASON a/k/a KEITH SAMUELS,  
Defendants

**JUDGMENT ORDER**

On September 30, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") at the request of the Division of Securities and Retail Franchising ("Division") alleging that New York Bagel Enterprises, Inc. ("New York Bagel"), Joseph V. Smith ("Smith"), and Dennis Kenneth Mason a/k/a Keith Samuels ("Mason") (collectively, "Defendants") violated certain provisions of the Virginia Retail Franchising Act, § 13.1-557 *et seq.* of the Code of Virginia ("Act"). Specifically, the Rule alleged the Defendants on three occasions violated: (i) § 13.1-560 of the Act by offering and/or selling unregistered franchises in the Commonwealth of Virginia ("Virginia"); (ii) § 13.1-563 (2) of the Act by making false statements or material omissions to franchisees in connection with the offer or sale of a franchise; and (iii) § 13.1-563 (4) of the Act by failing to provide franchisees a disclosure document that had been cleared by the Division. The Division requested restitution, civil penalties, and costs of investigation, and an injunction barring the Defendants from further violations of the Act and from future franchise sales in Virginia.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for January 11, 2017. Additionally, the Rule ordered the Defendants to file a responsive pleading with the Clerk of the Commission on or before November 4, 2016, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that the Defendants intended to assert. The Rule also advised the Defendants they could be found in default if they failed to either timely file a responsive pleading or other appropriate pleading, or if the Defendants filed such pleading and failed to appear at the hearing.

Following service of the Rule upon them, the Defendants filed no answer or other responsive pleading to the Rule, or otherwise communicated with the Division.

The hearing on the Rule was convened on January 11, 2017. The Division appeared by its counsel, Donnie L. Kidd, Esquire. The Defendants failed to appear. The Division moved for a default judgment, which was taken under advisement. Pursuant to the Rule and after accepting evidence regarding service, the Hearing Examiner accepted into the record the affidavit of the Division's investigator, Barry Braun, and the attachments supporting his affidavit.

On January 26, 2017, the Hearing Examiner issued his report ("Report") which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established, by clear and convincing evidence, that the Defendants violated: (i) § 13.1-560 of the Act on three occasions by selling New York Bagel franchises to three Virginia residents after the Division denied New York Bagel's franchise registration application in August 2012; (ii) § 13.1-563 (2) of the Act on three occasions by making untrue statements of material fact or omitting material facts from disclosure documents in the offer and sale of a franchise to three Virginia residents; and (iii) violated § 13.1-563 (4) of the Act on three occasions by offering and selling three franchises to Virginia residents without providing those persons with a disclosure document that had been registered with and cleared by the Division.

Based on these findings, the Hearing Examiner recommended, among other things, that: (i) the Commission adopt the findings contained in the Report; and (ii) the Division's motion for judgment by default should be granted.

The Report allowed the parties 21 days to provide comments. Neither the Defendants nor the Division filed comments.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the Hearing Examiner's overall findings and recommendations are reasonable and should be adopted, except that the Defendants shall first be afforded an opportunity to provide restitution to the three Virginia franchisees pursuant to § 13.1-570 of the Act before assessing a penalty against them.

Accordingly, IT IS ORDERED THAT:

- (1) The Division's motion for judgment by default is hereby GRANTED.
- (2) New York Bagel is hereby PENALIZED, pursuant to § 13.1-570 of the Act, the following sums:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (a) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-560 of the Act;
  - (b) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (2) of the Act; and
  - (c) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (4) of the Act.
- (3) Smith is hereby PENALIZED, pursuant to § 13.1-570 of the Act, the following sums:
- (a) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-560 of the Act;
  - (b) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (2) of the Act; and
  - (c) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (4) of the Act.
- (4) Mason is hereby PENALIZED, pursuant to § 13.1-570 of the Act, the following sums:
- (a) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-560 of the Act;
  - (b) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (2) of the Act; and
  - (c) Seventy-five Thousand Dollars (\$75,000) for three (3) violations of § 13.1-563 (4) of the Act.
- (5) The Defendants are hereby DIRECTED, pursuant to § 13.1-570 of the Act, to rescind the franchises sold to the Virginia residents and to make restitution in the amounts paid by such Virginia franchisees. If the Defendants rescind the franchises, pay restitution to the Virginia franchisees, and submit to the Division proof of rescinding the franchises and paying restitution to the Virginia franchisees within ninety (90) days of entry of this Order, the penalties assessed against the Defendants in Ordering Paragraphs (2) through (4) shall be waived.
- (6) The Defendants are hereby DIRECTED, jointly and severally, pursuant to § 13.1-567 of the Act, to pay the sum of Twenty Thousand Eight Hundred Ninety-nine Dollars and Thirty-three Cents (\$20,899.33) for the costs of the Division's investigation.
- (7) New York Bagel is hereby PERMANENTLY ENJOINED from registering or participating as a franchise in Virginia.
- (8) The Defendants are hereby PERMANENTLY ENJOINED from any future violations of the Act.

**CASE NO. SEC-2016-00051**  
**JANUARY 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
 STATE CORPORATION COMMISSION

*Ex Parte:* In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

**ORDER ADOPTING AMENDED RULES**

By Order to Take Notice ("Order") entered on October 14, 2016,<sup>1</sup> all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of revisions to Chapters 45 and 20 of Title 21 of the Virginia Administrative Code. On October 25, 2016,<sup>2</sup> the Division of Securities and Retail Franchising ("Division") mailed and emailed the Order of the proposed rules to all interested persons pursuant to the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia. The Order described the proposed revisions and afforded interested persons an opportunity to file comments and request a hearing on or before December 1, 2016, with the Clerk of the Commission. The Order provided that requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments.

The Commission received no comments with regard to the proposed revision to Chapter 45, regarding the notice filing requirements for those companies that wished to take advantage of an exemption under federal law for Regulation A, Tier 2 offerings.

The Commission received one comment from the Securities Industry and Financial Markets Association ("SIFMA")<sup>3</sup> requesting that the Division consider a couple of minor changes to the proposed revision of Commission Rule 21 VAC 5-20-280 D (6) in order to further clarify the rule's application. The Division did not object to the proposed revisions and recommends that the regulations be adopted, as revised.

No one requested a hearing on either of the proposed regulations.

<sup>1</sup> Doc. Con. Cen. No 161020197.

<sup>2</sup> The notice was published by the Virginia Registrar of Regulations on November 14, 2016. Doc. Con. Cen. No. 161210137.

<sup>3</sup> Although the comment was filed on December 2, 2016, the Division received the comment by the December 1, 2016 deadline as required by the Order. Doc. Con. Cen No. 161210095.

NOW THE COMMISSION, upon consideration of the proposed amendments to the proposed rules, the recommendation of the Division, and the record in this case, finds that the proposed amendments should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed rules are attached hereto, made a part hereof, and are hereby ADOPTED effective February 1, 2017.
- (2) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (3) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the filed for ended causes.

NOTE: A copy of the "Proposed Reg A Tier 2 and Foreign Issuer" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2016-00053  
JANUARY 11, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
JOSHUA STAMM,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Joshua Stamm ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based on the Division's investigation, the Division alleges as follows:

In April, 2016, the Division became aware of an investment opportunity being offered by Expansion Industries, LLC ("Expansion") in an Ammo Component Fund ("Fund"). Expansion, although incorporated in Delaware, has been registered to conduct business in the Commonwealth of Virginia ("Virginia") since March 2014. Expansion is located in Evingson, Virginia, and is in the business of firearm ammunition production.

According to the Fund brochure, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") would administer the fund. The Fund brochure included the Defendant's picture, title, branch office address, phone number, and Merrill Lynch email. The Fund brochure also included a draft promissory note for prospective investors to review. Information pertaining to the Fund was found on Expansion's website, [www.expansion-industries.com](http://www.expansion-industries.com), and also was known to have been promoted at gun shows throughout Virginia.

At the time of the alleged activity, the Defendant was an investment advisory representative and registered representative of Merrill Lynch. Based on its review of the records produced, the Division concluded that the Defendant played an active role in the development of the draft promissory notes which were subsequently used to solicit the general public. Records indicate that the Defendant failed to obtain the proper approval and authorization from Merrill Lynch prior to engaging in the outside business activity involving Expansion. In addition, the securities which were being offered and sold in the company were not recorded on Merrill Lynch's books and records.

Review of the appropriate registration filings revealed that the securities which were being offered and sold in Expansion were not registered or exempt from registration.

The Division identified an investment of \$20,000 made by an individual into the Fund on April 12, 2016. This individual received "Wire Instructions for Funding" from a client associate located in the Defendant's office. Moreover, this was all without the authorization and approval from Merrill Lynch. The individual has not complained to the Division regarding the Defendant or the individual's investment into the Fund.

The Division alleges that the Defendant violated 21 VAC 5-20-280 B (2) of the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"), by (i) failing to gain approval from Merrill Lynch prior to engaging in securities activity; and (ii) for the sales activity that was not recorded on the books and records of the broker-dealer the Defendant formerly represented. The Division identified at least one individual who invested in the Fund who was provided wire instructions by the Defendant's office, specifically regarding his purchase of the unregistered securities in Expansion.

Based on the investigation, the Division alleges the Defendant violated Rule 21 VAC 5-20-280 B (2) by effecting any securities transaction not recorded on the regular books or records of the broker-dealer which the agent represents, unless the transaction is authorized in writing by the broker-dealer prior to execution of the transaction.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters arising from these allegations, the Defendant has agreed to settlement terms wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Ten Thousand Dollars (\$10,000) in monetary penalties.
- (2) The Defendant will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.
- (3) The Defendant will be placed on a heightened supervision plan upon employment with a new broker-dealer and prior to registration with the Division.
- (4) The Defendant will not act in a supervisory role in the securities industry for a period of four (4) years from the date of entry of this Order.
- (5) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the Defendant's settlement terms.

NOW THE COMMISSION, having considered the record herein, the proposed settlement terms, and the recommendation of the Division, is of the opinion that the settlement terms should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The settlement terms of the matter set forth herein are hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or take such other action it deems appropriate on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of Attachment entitled "Admission and Consent" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2016-00057  
JANUARY 11, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
JOHN R. ROTHWEILER  
and  
MEGADANCE USA, CORP.,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of John R. Rothweiler ("Rothweiler") and Megadance USA, Corp. ("Megadance") (collectively, "Defendants"), pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Megadance is a Delaware corporation which operates, and offers franchisees the opportunity to operate, dance studios under the name "Fred Astaire Dance Studios." At all relevant times, Rothweiler was Megadance's CEO, president, treasurer and member of the board of directors. Megadance was registered as a franchise between January 2007 and January 2008 and then resubmitted a registration application in April 2016. However, the Division alleges that in or around April 2015 (when Megadance was not a registered franchise), the Defendants offered and sold an unregistered franchise to be operated in the Commonwealth of Virginia ("Virginia") by a Virginia franchisee ("Virginia Franchisee").

The Division also alleges that the Defendants failed to provide the Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale. A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. As no cleared FDD was provided, the Division alleges that regulatory oversight was avoided.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide the Virginia franchisee with (i) the franchise agreement; and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Four Thousand Five Hundred Dollars (\$4,500) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars (\$3,000) to defray the costs of investigation.

(3) The Defendants will provide each Virginia franchisee with a copy of this Order.

(4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) This case is dismissed and the papers filed herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2016-00059  
JANUARY 12, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
PAWS & REMEMBER, LLC  
and  
MARK R. MINNICK,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Paws & Remember, LLC ("Paws & Remember"), and Mark R. Minnick ("Minnick") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Based upon the Division's investigation, Paws & Remember is an Indiana limited liability company, based in Indiana, that offers franchises specializing in animal crematory and related services. Minnick is the president and director of Paws & Remember. In August 2016, Paws & Remember submitted a franchise registration application with the Division. At that time and following further investigation, the Division discovered that Paws & Remember, through Minnick, offered and sold an unregistered franchise located in Staunton, Virginia, in 2008.

As a result of its investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell franchises in the Commonwealth of Virginia ("Virginia") prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide franchisees with: (i) the franchise agreement; and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) Immediately upon entry of this Order, the Defendants will pay to the Treasurer of Virginia ("Treasurer") the amount of Four Thousand Dollars (\$4,000) in monetary penalties.

(2) Immediately upon entry of this Order, the Defendants will pay to the Treasurer the amount of One Thousand Dollars (\$1,000) to defray the costs of investigation.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendants from any reporting obligations that they may have to any regulatory authority.

**CASE NO. SEC-2016-00061  
FEBRUARY 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
TRAVIS ZINNEN and AMAZING FINISH, LLC,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Travis Zinnen ("Zinnen") and Amazing Finish, LLC ("Amazing Finish") (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Based on the Division's investigation, Amazing Finish is a domestic limited liability company (involuntarily canceled in 2015 for failure to pay annual fees), based in the Commonwealth of Virginia ("Virginia"). Zinnen is the registered agent and chief executive officer for Amazing Finish. Amazing Finish provides automobile scratch repair products and services, and has offered at least one franchise opportunity providing the same products and services while operating under the name "Amazing Finish". Amazing Finish never has been registered to offer and sell franchises to be located in Virginia.

As a result of its investigation, the Division alleges that Amazing Finish, through Zinnen, offered and sold an Amazing Finish franchise to be operated in Virginia in 2015. As part of the offer and sale of this franchise, the Division further alleges that Amazing Finish did not provide the prospective franchisees with a franchise agreement and such other disclosure documents as required by rule or order of the Commission.

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Act by selling or offering to sell at least one franchise in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-564 (4) of the Act by failing to, directly or indirectly, provide franchisees with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), a total of Five Thousand Dollars (\$5,000) in monetary penalties. The Defendants will pay Three Thousand Dollars (\$3,000) contemporaneously with the entry of this Order and Two Thousand Dollars (\$2,000) within 180 days following entry of this Order.

(2) The Defendants will immediately discharge all outstanding franchise fees and future royalty payment requirements owed by the Virginia franchisee.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2017-00001  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

KENNETH NEIL PERRIN,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Kenneth Neil Perrin ("Perrin"), CRD #2173474, pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based upon its investigation, the Division alleges that Perrin acted as an unregistered agent and investment advisor representative in violation of § 13.1-504 of the Act.

Perrin is a Florida resident and was a registered agent in the Commonwealth of Virginia ("Virginia") from 1994 until December 2014, when he ended his employment with Dawson James Securities Inc. ("Dawson James"). Perrin has never been registered in Virginia as an investment advisor representative.

Based upon the Division's investigation, Perrin left Dawson James in late 2014 and became an unregistered agent with a different firm, Interactive Brokers, LLC ("Interactive Brokers"), in January 2015. After Perrin joined Interactive Brokers, the Division alleges that he assisted a former Dawson James client ("Client") to invest over \$7,000 with Interactive Brokers. Additionally, the Division alleges that Perrin provided investment advice and recommendations to the Client while with Interactive Brokers between April and July 2015, as well as made numerous trades in the Client's account for compensation. During the same time period, Perrin maintained a discretionary trading account with the Client and effected over 100 trades on his behalf. By July 2015, Perrin had lost more than 80% of the Client's investment, including losses incurred after purchasing expired warrants for his account.

At all relevant times during Perrin's employment with Interactive Brokers, the Division alleges that Perrin was not registered in Virginia either as an agent of a broker-dealer or as an investment advisor representative.

Based on the investigation, the Division alleges that Perrin violated §§ 13.1-504 A (i) and A (ii) of the Act, which provide that it shall be unlawful for any person to transact business in Virginia either as a broker-dealer or an agent, or as an investment advisor or investment advisor representative, unless he is registered under the Act.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Perrin, without admitting or denying the allegations made herein by the Division, admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, Perrin has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

- (1) Within eighteen (18) months of the date of entry of this Order, Perrin will pay restitution in the amount of Six Thousand Fifty-nine Dollars and Sixty-nine Cents (\$6,059.69) to the Client.
- (2) Within thirty (30) days of completing payments to the Client as required by paragraph (1), Perrin will submit to the Division an affidavit stating that payment in full has been made to the Client, along with the certified mail receipt(s) for all mailings to the Client as well as copies of payment checks as proof that he has satisfied the requirements under paragraph (1).
- (3) Within nineteen (19) months of the date of entry of this Order, Perrin will pay to the Treasurer of Virginia ("Treasurer") the amount of Five Thousand Five Hundred Dollars (\$5,500) in monetary penalties.
- (4) Within nineteen (19) months of the date of entry of this Order, Perrin will pay to the Treasurer the amount of One Thousand Five Hundred Dollars (\$1,500) in costs of investigation.
- (5) The monetary penalties and costs of investigation in paragraphs (3) and (4) shall be waived in the event that Perrin complies with the requirements of paragraphs (1) and (2).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) Perrin will not apply for registration as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor or investment advisor representative selling securities or providing advice in Virginia for a period of one (1) year from the date of entry of this Order.

(7) Perrin will not violate the Act in the future.

The Division has recommended that the Commission accept Perrin's offer of settlement.

NOW THE COMMISSION, having considered the record herein, Perrin's offer of settlement, and the recommendation of the Division, is of the opinion that Perrin's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) Perrin's offer in settlement of the matter set forth herein is hereby accepted.

(2) Perrin shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate should Perrin fail to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00001  
JUNE 19, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

KENNETH NEIL PERRIN,  
Defendant

**ORDER**

On April 5, 2017, Kenneth Neil Perrin ("Perrin") entered into a settlement with the State Corporation Commission ("Commission"). As a part of the settlement, the Division of Securities and Retail Franchising ("Division") alleged that Perrin had acted as an unregistered agent and investment advisor representative in violation of § 13.1-504 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. Among other things, the Division alleged that in 2015, Perrin provided investment advice and maintained a discretionary trading account for a Virginia client while Perrin was not registered with the Division.

The terms of the Settlement Order provided that (i) Perrin pay restitution to the Virginia client in the amount of Six Thousand Fifty-nine Dollars and Sixty-nine Cents (\$6,059.69) within 18 months of entry of the Settlement Order; (ii) Perrin provide proof of payments to the Division within thirty days of completing restitution payments; (iii) Perrin pay a monetary penalty of Five Thousand Five Hundred Dollars (\$5,500) within 19 months of entry of the Settlement Order; (iv) Perrin pay the costs of investigation of One Thousand Five Hundred Dollars (\$1,500) within 19 months of entry of the Settlement Order; (v) Perrin will not apply for registration as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative selling securities or providing advice within the Commonwealth for a period of one year from the date of entry of the Settlement Order; and (vi) Perrin agree not violate the Act in the future.<sup>1</sup>

After entry of the Settlement Order, the Financial Industry Regulatory Authority, Inc. ("FINRA"), informed the Division of its position that language in a final order which imposes a limited bar that prohibits an individual from registering or applying to register as a broker-dealer or an agent subjects the individual to statutory disqualification under federal law. Perrin requested that the Division modify the Settlement Order regarding the limited bar in paragraph (6) so that he is no longer statutorily disqualified by FINRA and restricted from transacting business in any state based upon the Settlement Order.

The Division asserts that Perrin is a resident of Florida and that Perrin does not appear to have any clients in Virginia other than the client who is to receive restitution payments pursuant to the Settlement Order. The Division further asserts that Perrin has not applied for registration as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative selling securities or providing advice in Virginia following entry of the Settlement Order and that Perrin otherwise is in compliance with the terms of the Settlement Order at this time. As such, the Division recommends that the Commission modify the Settlement Order to remove the limited bar on registration in Virginia.

NOW THE COMMISSION, upon consideration of the record, the applicable statutes, and Commission Rules, is of the opinion and finds that the Settlement Order identified alleged violations of § 13.1-504 of the Act and, in part, prohibited Perrin from applying to register as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative selling securities or providing advice in Virginia for a period of one year. We also note that the Commission did not make a finding of Perrin's violation of any provision of the Act. Perrin neither admitted nor denied the alleged violations presented in the Settlement Order, which were entered without a Commission finding of fact or conclusion of law and, therefore, do not require modification as to the underlying alleged violations of the Act. We further find the recommendation of the Division to modify the Settlement Order as set forth herein is reasonable.

<sup>1</sup> The Settlement Order provides that the monetary penalties and costs of investigation shall be waived in the event that Perrin pays restitution and provides proof of such payment as required by the Settlement Order.

Accordingly, IT IS ORDERED THAT:

- (1) The Settlement Order is modified, and paragraph (6) of the Settlement Order is removed as of the date of entry of this Order.
- (2) Except as modified herein, the Settlement Order shall remain in full force and effect.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or take such action it deems regarding any failure to comply with the terms of this Order. Additionally, nothing in this Order shall prohibit the Division from requesting at any later date that the Commission bar Perrin from registering in Virginia should he fail to comply with the requirements of the Settlement Order.

**CASE NO. SEC-2017-00004  
AUGUST 1, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

JACOB R. ALPHIN and RILLHURST CAPITAL MANAGEMENT LLC,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Jacob R. Alphin ("Alphin") and Rillhurst Capital Management LLC ("Rillhurst") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Rillhurst is a Virginia limited liability company based in McLean, Virginia that offers financial planning services. Alphin is a Virginia resident, as well as the owner and chief executive officer of Rillhurst. Rillhurst has never been registered in Virginia as an investment advisor, and Alphin (although formerly registered) is not currently registered in Virginia as an investment advisor representative.

Based upon its investigation, the Division alleges that the Defendants held themselves out as providing investment advisory services in violation of the Act. Among other things, the Division alleges that: (a) Rillhurst's website advertised to the public that it offered investment advisory and fiduciary services; and (b) Alphin offered business credentials (including business cards and LinkedIn profiles) that included investment advisory services for a fee. The Division further alleges that the Defendants both claimed in advertising that investment advisory services were provided through AlphaStar Capital Management, LLC ("AlphaStar"). Based on the Division's investigation, however, neither of the Defendants had an advisory business affiliation with AlphaStar.

Based on the investigation, the Division alleges the Defendants each violated § 13.1-504 A (ii) of the Act, which provides that it shall be unlawful for any person to transact business in this Commonwealth as an investment advisor or investment advisor representative, unless he is registered under the Act.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Having cooperated with the Division during the investigation, the Defendants, without admitting or denying the allegations made herein, admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will each pay to the Treasurer of Virginia ("Treasurer") the amount of Five Thousand Dollars (\$5,000) in monetary penalties within six (6) months from the date of entry of this Order.
- (2) The Defendants, jointly, will pay to the Treasurer the amount of Four Thousand Dollars (\$4,000) to defray the costs of investigation within six (6) months from the date of entry of this Order.
- (3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00005  
NOVEMBER 20, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
BRIDGETOWN FRAGRANCES, INC.  
and  
GERALD K. WATERS  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Bridgetown Fragrances, Inc. ("Bridgetown") and Gerald K. Waters ("Waters" and, collectively, the "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-504(B) of the Act by selling or offering to sell securities through an unregistered agent of the issuer; and (ii) § 13.1-507 of the Act by selling or offering to sell unregistered securities.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants, without admitting or denying the allegations made herein, admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay to the Treasurer of Virginia the amount of Two Thousand Five Hundred Dollars (\$2,500) in monetary penalties and Two Thousand Five Hundred Dollars (\$2,500) to defray the costs of investigation (combined, the "Payment"), pursuant to the terms outlined in Paragraph (2) below.
- (2) The Defendants will pay Two Hundred Dollars (\$200) of the Payment contemporaneously with the entry of this Order. The Defendants shall pay the remaining Four Thousand Eight Hundred Dollars (\$4,800) balance of the Payment within two years of the date of the entry of this Order.
- (3) The Defendants will provide each individual or entity who invested in Bridgetown with a copy of this Order.
- (4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00010  
MARCH 10, 2017**

APPLICATION OF  
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of National Covenant Properties ("NCP"), which the Commission received February 28, 2017, with attached exhibits. The application requested that 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, Variable Rate Certificates, Demand Investment Accounts, Individual Retirement Account Certificates, Health Savings Account Certificates, and 403(b) Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers of NCP be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) NCP is a nonprofit Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) NCP intends to offer and sell the Certificates in an approximate aggregate amount of up to \$125,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of NCP who will not be compensated for their sales efforts; and (iv) NCP will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by NCP in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act, and officers of NCP are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00011  
SEPTEMBER 22, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

BRIAN PETRUZZI and 1000 DEGREES PIZZERIA FRANCHISE, INC.  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Brian Petruzzi and 1000 Degrees Pizzeria Franchise, Inc. (collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Franchise Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Based on the investigation, the Division alleges the Defendants violated: (i) § 13.1-560 of the Franchise Act by selling or offering to sell franchises in the Commonwealth of Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Franchise Act by failing to, directly or indirectly, provide franchisees with (i) the franchise agreement and (ii) such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Franchise Act are violated, the Commission is authorized by § 13.1-562 of the Franchise Act to revoke a defendant's registration, by § 13.1-568 of the Franchise Act to issue temporary or permanent injunctions, by § 13.1-570 of the Franchise Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants, without admitting or denying the allegations made herein, admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay to the Treasurer of Virginia ("Treasurer") the amount of Eight Thousand Six Hundred Dollars (\$8,600) in monetary penalties.
- (2) The Defendants will pay to the Treasurer the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation.
- (3) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Three Thousand Six Hundred Dollars (\$3,600) towards the total amount of penalties and costs of investigation. Subsequently, the Defendants will pay to the Treasurer four equal payments of Two Thousand Five Hundred Dollars (\$2,500) due on or before the 15<sup>th</sup> of each month, beginning the month following the date of the entry of this Order.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) The Defendants will make an offer of rescission to the Virginia franchisee pursuant to the following:

(a) Within thirty (30) days of the date of this Order, the Defendants will make a written offer of rescission sent by certified mail to the Virginia franchisee, which will include an offer to return the initial franchise fee of Twenty-five Thousand Dollars (\$25,000) and a provision that gives the Virginia franchisee thirty (30) days from the date of receipt of the offer of rescission to provide the Defendants with written notification of his/her decision to accept or reject the offer.

(b) The Defendants will provide to the Division a copy of the offer of rescission for its review and comment at least ten (10) days before sending it to the franchisee.

(c) The Defendants will include with the written offer of rescission a copy of this Order.

(d) If the rescission offer is accepted, the Defendants will forward the payment to the Virginia franchisee within fifteen (15) days of receipt of the acceptance.

(e) Within ninety (90) days from the date of this Order, the Defendants will submit to the Division proof of certified mailing of the offer of rescission and an affidavit, executed by the Defendants, which contains the date on which the Virginia franchisee received the offer of rescission, the Virginia franchisee's response, and, if applicable, the amount and the date that payment was sent to the Virginia franchisee.

(5) The Defendants will not violate the Franchise Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the entitled "Admission and Consent" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00015  
MAY 3, 2017**

APPLICATION OF  
CHRISTIAN FINANCIAL RESOURCES, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Christian Financial Resources, Inc. ("CFR"), which the Commission received April 3, 2017, with attached exhibits. The application requested that CFR's Demand Certificates and Time Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers and employees of CFR be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) CFR is a Florida corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) CFR intends to offer and sell the Certificates in an approximate aggregate amount of up to \$300 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers and employees of CFR who will not be compensated for their sales efforts; and (iv) CFR will discontinue issuer transactions for all Certificates previously exempted by the Commission upon the grant of the exemption of the offering of Certificates described herein.

Based on the facts asserted by CFR in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act and that CFR's officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00016  
MAY 3, 2017**

APPLICATION OF  
COLUMBIA UNION REVOLVING FUND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Columbia Union Revolving Fund ("Fund"), which the Commission received on March 29, 2017, with attached exhibits. The application requested that the Fund's 90-day demand promissory notes ("Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) the Fund is a Delaware corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) the Fund intends to offer and sell the Notes in an approximate aggregate amount of up to \$30,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by registered agents of the Fund; and (iv) the Fund will discontinue issuer transactions for all notes previously exempted by the Commission upon the grant of the exemption for the offering of the Notes described herein.

Based on the facts asserted by the Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the Fund will discontinue issuer transactions for all notes previously exempted by the Commission.

**CASE NO. SEC-2017-00017  
MAY 3, 2017**

APPLICATION OF  
MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund"), which the Commission received April 3, 2017, with attached exhibits. The application requested that Mission Fund's Demand Investments, Fixed and Adjustable Interest Term Investments, MIF4KIDZ Investments, and IRA/CESA/HSA program (collectively, "Mission Investments") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Mission Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) Mission Fund intends to offer and sell the Mission Investments in an approximate aggregate amount of up to \$300 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by registered agents for Mission Fund who will not be compensated for their sales efforts; and (iv) Mission Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of the Mission Investments described herein.

Based upon the facts asserted by Mission Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2017-00018  
MAY 3, 2017**

APPLICATION OF  
THE SOLOMON FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Solomon Foundation ("Foundation"), which the Commission received April 4, 2017, with attached exhibits. The application requested that the Foundation's Demand Certificates and Time Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers and employees of the Foundation be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) the Foundation is a Colorado corporation operating not for private profit but exclusively for religious, charitable, benevolent and educational purposes; (ii) the Foundation intends to offer and sell the Certificates in an approximate aggregate amount of up to \$300 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of the Foundation who will not be compensated for their sales efforts; and (iv) the Foundation will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based upon the facts asserted by the Foundation in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act and that the officers and employees of the Foundation are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00021  
MAY 8, 2017**

APPLICATION OF  
GROUND FLOOR REAL ESTATE 1, LLC

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Groundfloor Real Estate 1, LLC ("Groundfloor"), dated February 3, 2017, with attached exhibits, and subsequently amended, requesting that Limited Recourse Obligations ("Obligations") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Groundfloor is a Georgia limited liability company; and (ii) Groundfloor intends to offer and sell Obligations for an aggregate amount of up to \$20,000,000. The Obligations will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by Groundfloor in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER, that the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2017-00024  
JULY 27, 2017**

APPLICATION OF  
CAPITAL IMPACT PARTNERS

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Capital Impact Partners ("Capital"), dated April 27, 2017, with attached exhibits, requesting that Capital Impact Investment Notes ("Notes") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Capital is a District of Columbia corporation formed on December 30, 1982; and (ii) Capital intends to offer and sell Notes for an aggregate amount of up to \$100,000,000. The Notes will be offered and sold by registered broker-dealers.

NOW THE COMMISSION, based on the facts asserted by Capital in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through a prospectus, a copy of which is filed as a part of the record.

**CASE NO. SEC-2017-00028  
JUNE 19, 2017**

APPLICATION OF  
WESLEYAN INVESTMENT FOUNDATION, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Wesleyan Investment Foundation, Inc. ("Wesleyan"), which the Commission received May 15, 2017, with attached exhibits, as subsequently amended. The application requested that Wesleyan's deposit investments ("Investments") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers and employees of Wesleyan be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Wesleyan is an Indiana corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) Wesleyan intends to offer and sell the Investments in an approximate aggregate amount of up to \$300 million on terms and conditions more fully described in the Offering Circular filed as a part of the application; and (iii) said securities are to be offered and sold by officers and employees of Wesleyan who would not be compensated for their sales efforts.

Based on the facts asserted by Wesleyan in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act and the officers and employees of Wesleyan are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00030  
NOVEMBER 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

MONTESSORI SCHOOL FRANCHISING, LLC  
THOMAS J. BOEHM  
and  
NANCY P. BOEHM,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Montessori School Franchising, LLC ("Montessori School") and Thomas J. and Nancy Boehm ("Boehms" and collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Defendant Montessori School is a Florida limited liability company with a principal place of business in Leesburg, Virginia. At all relevant times, the Boehms were the managing members and principals of Montessori School. Montessori School offered and sold child care and preschool facilities in Virginia under the name "Montessori Kids Universe" ("Montessori Kids"). Montessori School was registered with the Division to offer, sell, and operate its franchise, Montessori Kids, in the Commonwealth of Virginia ("Virginia") between August 25, 2015 and August 25, 2016.

Section 13.1-560 of the Act requires franchises that are offered and sold in Virginia to be registered with the Division. The Division alleges that the Defendants offered or sold Montessori Kids franchises to be operated in Virginia to two Virginia franchisees ("Virginia Franchisees") during times that they were not properly registered with the Division. The Division alleges the first unregistered offer occurred in or around February 15, 2015 (before Montessori School was registered to offer and sell franchises in Virginia) and the second unregistered offer occurred in or around January 2017 (after Montessori School's franchise registration expired).

Pursuant to § 13.1-563 of the Act, as part of the registration process, franchisors must provide the Division a Franchise Disclosure Document ("FDD") containing all information to be provided to potential franchisees about the franchise during the offer and sale process. A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. The Division alleges that the Defendants provided potential franchisees financial projections and information relating to the Montessori Kids franchise that was not included with the FDD, and thus was not reviewed and cleared by the Division. By providing information to franchisees that was not reviewed and cleared by the Division, the Division alleges that regulatory oversight was circumvented.

Based on the investigation, the Division alleges the Defendants violated § 13.1-560 of the Act by selling or offering to sell franchises in Virginia without being registered under the provisions of the Act. The Division also alleges that the Defendants violated § 13.1-563 (4) of the Act when they failed to provide the Virginia Franchisees with FDDs that were previously cleared by the Division. The Division further alleges that the Defendants violated § 13.1-563 (2) of the Act by providing the Virginia Franchisees with financial projections and information that had not been properly disclosed in Montessori School's FDD filed with the Division during the registration and application process.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations made herein but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation.

(2) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Ten Thousand Dollars (\$10,000) in monetary penalties;

(3) The Boehms will attend and complete the International Franchise Association's Franchise and Sales Management and Compliance Program within one year of the entry of this Order and provide proof of completion to the Division.

(4) The Defendants will provide a copy of this Order to any franchisee offered or sold a Montessori Kids franchise in Virginia between January 1, 2015, and the date of the entry of this Order, within 30 days of the entry of this Order.

(5) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00031  
JULY 5, 2017**

APPLICATION OF  
BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Board of Church Extension of Disciples of Christ, Inc. ("Board of Church Extension"), which the Commission received May 23, 2017, with attached exhibits. The application requested that Board of Church Extension's Flexible Demand Notes, Fixed Rate Term Notes (180-day and 1- to 5-year maturities), Disciples Partner Plus 60 Month Notes, Kid Builder 36 Month Notes, Variable Rate Term Notes (3- and 5-year Terms), and Capital Builder Notes (collectively, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers and employees of Board of Church Extension be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Board of Church Extension is an Indiana corporation operating not for private profit but exclusively for religious purposes; (ii) Board of Church Extension intends to offer and sell the Notes in an approximate aggregate amount of up to \$2 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers and employees of Board of Church Extension who will not be compensated for their sales efforts; and (iv) Board of Church Extension will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Notes described herein.

Based on the facts asserted by Board of Church Extension in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act, and the officers and employees of Board of Church Extension are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00033  
SEPTEMBER 21, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

NEXT FINANCIAL GROUP, INC.,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of NEXT Financial Group, Inc. ("NEXT Financial" or "Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

The Division opened an investigation when one of NEXT Financial's former agents, Joshua Ray Abernathy ("Abernathy"), confessed to federal authorities that he had been engaged in securities fraud while employed by at least two different broker-dealer firms, including NEXT Financial, beginning as early as 2008.

The Division's records indicate that Abernathy was registered in the Commonwealth of Virginia ("Virginia") as an investment advisor representative and registered representative with NEXT Financial at various times between March 16, 2007 and September 26, 2012. Starting as early as 2008, and while employed by NEXT Financial, Abernathy misappropriated at least \$442,267.45 from at least nine investors in violation of the Act.

The Division alleges NEXT Financial failed to properly supervise Abernathy, as required by the Act and the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC5-20-10 *et seq.* ("Rules"). Specifically, the Division alleges that NEXT Financial knew and approved of Abernathy's use of a personal securities account, yet failed to monitor such account for unusual activities. Additionally, the Division alleges NEXT Financial maintained, yet failed to follow, written policies requiring it to review Abernathy's transactions relating to Abernathy's personal securities account. The Division alleges that if NEXT Financial had complied with these requirements and obligations it would have discovered Abernathy's fraudulent activities.

Accordingly, based on the investigation, the Division alleges the Defendant violated: (i) Rule 21 VAC 5-20-260 A by failing to be responsible for the acts, practices, and conduct of Abernathy in connection with the sales of securities; (ii) Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of Abernathy; and (iii) Rule 21 VAC 5-20-260 D by failing to enforce its written procedures.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Prior to the entry of this Settlement Order ("Order"), NEXT Financial paid restitution of \$186,384.38 to nine investors identified by the Division through other proceedings.

NEXT Financial, without admitting or denying the allegations made herein, admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from these allegations, NEXT Financial has made an offer of settlement to the Commission wherein NEXT Financial will abide by and comply with the following terms and undertakings:

(1) NEXT Financial will pay to the Treasurer of Virginia ("Treasurer") the amount of Fifty Thousand Dollars (\$50,000) in monetary penalties.

(2) NEXT Financial will pay to the Treasurer the amount of Ten Thousand Dollars (\$10,000) to defray the costs of investigation.

(3) The above penalty and costs of investigation payment requirements will be waived if NEXT Financial makes restitution payments totaling Sixty Thousand Dollars (\$60,000) on a pro rata basis to nine investors identified by the Division within thirty (30) days of the entry of this Order. If NEXT Financial opts to make restitution payments to these investors, it shall provide proof of these payments to the Division within forty-five (45) days of the entry of this Order.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the "Admission and Consent" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00034  
SEPTEMBER 26, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

*Ex Parte:* In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/case>.

**Proposed Revision to Chapter 20. Registration and Renewal Filing Fees for Agents.**

The proposed amendment to Chapter 20 provides for an increase in the registration and annual renewal filing fee for broker-dealer agents (including Canadian agents) and agents of the issuer from \$30 to \$40. The fee has not been raised since it was adopted by rule in 1981. From that time to the present, the number and complexity of audits of these registrants' offices has increased, necessitating the increase in the registration fee. The Division of Securities and Retail Franchising ("Division") will apply the additional fees towards the cost to conduct audits.

**Proposed Revision to Chapter 30. Adoption of Statements of Policy.**

The Division is a member of the North American Securities Administrators Association ("NASAA"), a trade association of state regulators. As a member of NASAA, the Division participates in a nationwide effort to use a uniform approach to the review of offerings registered in the states. From time to time, NASAA revises and adds to the list of standard policies applicable to certain offerings. The Division is updating and revising its list of these statements to add four additional items: Promotional Shares, Loans and Other Material Transactions, Impoundment of Proceeds, and Electronic Offering Documents and Electronic Signatures. The last item, Electronic Offering Documents and Electronic Signatures, will allow issuers to move away from providing investors with large cumbersome prospectuses and provide for the electronic delivery and signatures.

**Proposed Revision to Chapter 40. Repeal of Regulation D, Rule 505.**

In 1983, the Division adopted by rule (as amended) an exemption promulgated by the United States Securities and Exchange Commission ("SEC") known as Regulation D that provided for an exemption for offerings of up to \$5 million of securities in any 12-month period to an unlimited number of accredited investors and up to 35 non-accredited but sophisticated investors, as long as non-accredited investors are provided certain prescribed information about the issuer and the securities. Regulation D, Rule 505 of Section 3(a)(11) of the Securities Act of 1933 ("1933 Act"), and Rule 147 thereunder provide an exemption from the 1933 Act registration for offerings within a single state by issuers incorporated or organized, having their principal office and doing business in such state. In October 2016, the SEC repealed Rule 505, making the companion subsection under the current Commission regulations unnecessary. The Division proposes that the section be repealed.

**Revision to Chapter 45. Adoption of Federal Crowdfunding.**

In 2015, the Division proposed an exemption from registration for certain intrastate offerings known as crowdfunding. The Virginia Intrastate Crowdfunding Exemption was adopted by the Commission in July 2015 under Commission Rule 21 VAC 5-40-190. At the time that the Commission developed the intrastate crowdfunding exemption, the SEC was working on a crowdfunding proposal for interstate offerings. In May 2016, the SEC adopted the final rules for federal crowdfunding. The final rule can be found at <https://www.sec.gov/rules/final/2015/33-9974.pdf>.

When the SEC adopted the final rules governing interstate crowdfunding, the states were preempted from requiring the registration of such offerings. However, a state that is home to the principal place of business of the issuer, or in which residents have purchased 50% or greater of the aggregate offering amount, may require a notice filing that contains all documents filed with the SEC together with a consent to service of process.

In order to facilitate that process, NASAA developed a model notice filing so that the states could adopt the notice filing in a consistent manner. This will allow interstate offerings to comply with the federal crowdfunding rule and make the appropriate state notice filings.

The Division proposes that the Commission adopt the notice filing requirement for federal crowdfunding offerings to include the Form U-CF for notice filing.

**Proposed Revision to Chapter 80. Registration and Renewal Filing Fees for Investment Advisor Representatives.**

The proposed amendment to Chapter 80 provides for an increase in the registration and annual renewal filing fee for investment advisor representatives from \$30 to \$40. The fee has not been raised since it was adopted by rule in 1981. From that time to the present, the number and complexity of audits of these registrants' offices has increased, necessitating the increase in the registration fee. The Division will apply the additional fees to the cost to conduct audits.

The Division recommended to the Commission that the proposed revisions should be considered for adoption. The Division also has recommended to the Commission that a hearing should be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, regular mail or e-mail request, and also can be found at the Division's website: <http://www.scc.virginia.gov/srf>. Any comments to the proposed rules must be received by November 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) The proposed revisions are appended hereto and made a part of the record herein.

(2) On or before November 1, 2017, comments or request for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall reference Case No. SEC-2017-00034. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case> and on the Division's website at <http://www.scc.virginia.gov/srf>. Interested persons also may request a copy of the proposed revisions from the Division by telephone, mail, or e-mail.

NOTE: A copy of the entitled "2017 Securities Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, DocumentControl Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00034  
NOVEMBER 20, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

*Ex Parte:* In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

**ORDER ADOPTING AMENDED RULES**

By Order to Take Notice ("Order") entered on September 26, 2017,<sup>1</sup> all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of revisions to Chapters 20, 30, 40, 45, and 80 of Title 21 of the Virginia Administrative Code. On October 2, 2017, the Division of Securities and Retail Franchising ("Division") mailed and emailed the Order of the proposed rules to all interested persons pursuant to the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia.<sup>2</sup> The Order described the proposed revisions and afforded interested persons an opportunity to file comments and request a hearing on or before November 1, 2017, with the Clerk of the Commission. The Order provided that requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments.

The Commission received one comment with regard to the proposed revisions. The comment did not provide a reference to the specific regulation being amended but generally was supportive of the registration fee increase (found in the revisions to Chapters 20 and 80). The Commission received no other comments to the proposed revisions.

No one requested a hearing on the proposed regulation revisions.

<sup>1</sup> Doc. Con. Cen. No 170920181.

<sup>2</sup> The notice was published by the Virginia Registrar of Regulations on October 16, 2017. Doc. Con. Cen. No. 171040210.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the proposed amendments to the proposed rules, the recommendation of the Division, and the record in this case, finds that the proposed amendments should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed rules are attached hereto, made a part of hereof, and are hereby ADOPTED effective December 1, 2017.
- (2) AN ATTESTED COPY hereof, together with a copy of the adopted rules, shall be sent by the Clerk of the Commission in care of Ronald W. Thomas, Director of the Division, who forthwith shall give further notice of the adopted rules by mailing or emailing a copy of this Order, to all interested persons.
- (3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.
- (4) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the filed for ended causes.

Note: A copy of the attachment entitled "2017 Securities Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00035  
OCTOBER 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
NELSON (MIKE) MITHAMO MURIUKI,  
Defendant

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Nelson (Mike) Mithamo Muriuki ("Muriuki" or "Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Based upon its investigation, the Division alleges that between March 2016 and June 2016, Muriuki, then a resident of the Commonwealth of Virginia ("Virginia"), offered and sold a security in the form of an investment contract to at least one (1) investor ("Investor"). The Investor provided \$4,000 to Muriuki to manufacture and market a designer athletic shoe.

The Division alleges that Muriuki did not register the security with the Division as required by the Act, nor was it exempt from registration. Further, the Division alleges that Muriuki was not registered to offer and sell securities within Virginia as required by the Act. Additionally, the Division alleges that Muriuki used the Investor's funds for his personal use, instead of for the identified designer shoe business.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-502 (3) of the Act by using the Investor's funds for personal expenses and not for the shoe business as promised to the Investor; (ii) § 13.1-504 of the Act by selling a security without being properly registered with the Division; and (iii) § 13.1-507 of the Act in that he sold a security that was neither registered under the Act nor exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant, without admitting or denying the allegations made herein, admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), the amount of Seven Thousand Five Hundred Dollars (\$7,500) in monetary penalties. The penalty will be waived if the Defendant makes restitution to the investor in the amount of Four Thousand Dollars (\$4,000). The first payment of Five Hundred Dollars (\$500) will be paid to the Investor by August 31, 2017. The remaining balance of Three Thousand Five Hundred Dollars (\$3,500) will be paid to the Investor within eight (8) months from the date of entry of this Order.

- (2) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00040  
AUGUST 29, 2017**

APPLICATION OF  
DGOC SERIES 28, L.P.

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of DGOC Series 28, L.P. ("DGOC"), dated August 11, 2017, with attached exhibits, requesting that Limited Partner Interests ("Interests") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) DGOC is a Delaware limited partnership; and (ii) DGOC intends to offer and sell Interests for an aggregate amount of up to \$16,177,600. The Interests will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by DGOC in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2017-00041  
AUGUST 29, 2017**

APPLICATION OF  
DGOC SERIES 18(B), L.P.

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of DGOC Series 18(B), L.P. ("DGOC"), dated August 11, 2017, with attached exhibits, requesting that Limited Partner Interests ("Interests") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) DGOC is a Delaware limited partnership; and (ii) DGOC intends to offer and sell Interests for an aggregate amount of up to \$3,541,400. The Interests will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by DGOC in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2017-00042  
AUGUST 29, 2017**

APPLICATION OF  
DGOC SERIES 18(C), L.P.

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of DGOC Series 18(C), L.P. ("DGOC"), dated August 11, 2017, with attached exhibits, requesting that Limited Partner Interests ("Interests") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) DGOC is a Delaware limited partnership; and (ii) DGOC intends to offer and sell Interests for an aggregate amount of up to \$27,219,700. The Interests will be offered and sold by a registered agent of the issuer.

NOW THE COMMISSION, based on the facts asserted by DGOC in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through an offering circular, a copy of which is filed as a part of the record.

**CASE NO. SEC-2017-00043  
DECEMBER 8, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
SUGAR SHACK DONUTS, LLC and IAN KELLEY,  
Defendants

**SETTLEMENT ORDER**

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Sugar Shack Donuts, LLC ("Sugar Shack") and Ian Kelley ("Kelley," and collectively, "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

Defendant Sugar Shack is a Virginia limited liability company with a principal place of business in Richmond, Virginia. At all relevant times, Kelley was the managing member and principal of Sugar Shack. Sugar Shack operates retail doughnut stores in Virginia under the name "Sugar Shack Donuts." Sugar Shack never registered a franchise with the Division to be offered, sold, and operated in the Commonwealth of Virginia ("Virginia").

Despite this, the Division alleges that on or about April 2014 and September 2015, the Defendants offered and sold two unregistered franchises to be operated in Virginia by two Virginia franchisees ("Virginia Franchisees"). The franchise agreements enabled each Virginia Franchisee to open and operate two separate Sugar Shack retail locations.

The Division also alleges that the Defendants failed to provide the Virginia Franchisees a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale. A cleared FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise. As no FDD was provided, the Division alleges that regulatory oversight was circumvented.

Based on the investigation, the Division alleges the Defendants violated § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act. The Division further alleges that the Defendants violated § 13.1-563 of the Act by failing to provide the Virginia Franchisees with properly cleared FDDs in conjunction with the offer and sale of the franchises.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants, neither admit nor deny the allegations made herein, but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

- (1) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) to defray the costs of investigation.
- (2) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Six Thousand Dollars (\$6,000) in monetary penalties;

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) The Defendants shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00046  
SEPTEMBER 18, 2017**

APPLICATION OF  
LUTHERAN CHURCH EXTENSION FUND-MISSOURI SYNOD

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Church Extension Fund-Missouri Synod ("LCEF"), which the Commission received on August 28, 2017, with attached exhibits. The application requested that the Young Investor ("Y.I.") Stamps, Dedicated Certificates, Family Emergency StewardAccount Certificates, StewardAccount Certificates, Y.I. StewardAccount Certificates, FlexPlus Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Congregation Demand Certificates, Congregation StewardAccount Certificates, Congregation Cemetery Care StewardAccount Certificates, Congregation Fixed-Rate Endowment Certificates, and Congregation Floating-Rate Endowment Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers of LCEF be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) LCEF is a Missouri corporation operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) LCEF intends to offer and sell the Certificates in an approximate aggregate amount of \$75,000,000 on terms and conditions as more fully described in the offering circular filed as a part of the application; (iii) these securities are to be offered and sold by officers of LCEF who will not be compensated for the sales efforts; and (iv) LCEF will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of Certificates described herein.

Based on the facts asserted by LCEF in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE AND ORDER, that the securities described above are exempt from the securities registration requirements of the Act and that LCEF's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2017-00049  
OCTOBER 6, 2017**

APPLICATION OF  
FROM THE HEART MINISTRIES, INC.,

For registration of Securities pursuant to § 13.1-510 of the Code of Virginia

**ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of From the Heart Ministries, Inc. ("Heart Ministries"), dated July 10, 2017, with exhibits attached thereto and as subsequently amended, requesting that General Obligation Bonds-Series 2017 ("Obligation Bonds") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Heart Ministries is a Maryland nonstock corporation; and (ii) Heart Ministries intends to offer and sell 15,465 Obligation Bonds for an aggregate amount of \$15,465,000. The Obligation Bonds will be offered and sold by registered broker-dealers.

NOW THE COMMISSION, based on the facts asserted by Heart Ministries in the written application and exhibits and upon the recommendation of the Division of Securities and Retail Franchising ("Division"), is of the opinion and finds, and does hereby ADJUDGE AND ORDER, that the securities described above are registered for offer and sale in Virginia through an Offering Circular, a copy of which is filed as a part of the record, by such person who are registered under the Act.

No change shall be made in the Offering Circular reflecting a material change in the conditions or terms of Heart Ministries' offering without prior submission to the Division and acceptance by the Commission.

**CASE NO. SEC-2017-00050  
OCTOBER 11, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

*Ex Parte:* In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act

**ORDER TO TAKE NOTICE**

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-572 of the Virginia Retail Franchising Act ("Act"), § 13.1-501 *et seq.* of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: <http://www.scc.virginia.gov/case>.

**Proposed Revision to Chapter 110. Franchise Exemption for Substantial Investment in a Franchise.**

The proposed amendment to Chapter 110 provides for an exemption for franchisors that offer or sell a single unit franchise in which the actual minimum initial investment is in excess of \$5 million. This exemption requires that the franchisor provide all of the substantial purchaser information required by the registration process but allows the franchisor in these large transactions the flexibility to conduct the extensive negotiations required without the additional layer of the registration process.

The proposed rule requires a notice filing on Form H, a uniform consent to service of process, an entity resolution, a CD-Rom or other approved electronic media in PDF format of the franchisor's franchise disclosure document ("FDD"), and a \$500 filing fee. A material amendment of the FDD requires that the franchisor file a new Form H, a new FDD and a filing fee of \$100. The exemption must be renewed annually with a new Form H, the new FDD, and a filing fee of \$250.

The Division recommended to the Commission that the proposed revisions should be considered for adoption. The Division also has recommended to the Commission that a hearing should be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, by regular mail or e-mail request and also can be found at the Division's website: <http://www.scc.virginia.gov/srf>. Any comments to the proposed rules must be received by December 1, 2017.

Accordingly, IT IS ORDERED THAT:

(1) The proposed revisions are appended hereto and made a part of the record herein.

(2) On or before December 1, 2017, comments or request for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall reference Case No. SEC-2017-00050. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(3) The proposed revisions shall be posted on the Commission's website at <http://www.scc.virginia.gov/case> and on the Division's website at <http://www.scc.virginia.gov/srf>. Interested persons also may request a copy of the proposed revisions from the Division by telephone, mail, or e-mail.

NOTE: A copy of the attachment entitled "Franchise Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. SEC-2017-00055  
NOVEMBER 2, 2017**APPLICATION OF  
LOW INCOME INVESTMENT FUND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

**ORDER OF EXEMPTION**

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Low Income Investment Fund ("LIIF"), which the Commission received on July 14, 2017, with attached exhibits and was subsequently amended. The application requested that the Investment Notes be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers of LIIF be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) LIIF is a California corporation operating not for private profit but exclusively for charitable purposes; (ii) LIIF intends to offer and sell the Investment Notes in an approximate aggregate amount of \$35,000,000 on terms and conditions as more fully described in the offering circular filed as a part of the application; and (iii) these securities are to be offered and sold by officers of LIIF who will not be compensated for their sales efforts.

Based on the facts asserted by LIIF in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE AND ORDER that the securities described above are exempt from the securities registration requirements of the Act and that LIIF's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

**DIVISION OF UTILITY AND RAILROAD SAFETY****CASE NO. URS-2011-00128  
FEBRUARY 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated August 22, 2011, the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CVA" or "Company"), for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required CVA to pay to the Commonwealth of Virginia a fine of Two Hundred Eighty-nine Thousand Five Hundred Dollars (\$289,500), of which One Hundred Forty-six Thousand Five Hundred Dollars (\$146,500) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining One Hundred Forty-three Thousand Dollars (\$143,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon CVA's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide affidavits executed by the general manager of CVA certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and affidavits documenting that the specified remedial actions have been completed were filed by CVA on August 24, 2011, October 11, 2011, and January 12, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of One Hundred Forty-three Thousand Dollars (\$143,000) of the penalty should be vacated and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of One Hundred Forty-three Thousand Dollars (\$143,000) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2012-00184  
FEBRUARY 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated June 8, 2012, the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CGV" or "Company"), for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Undertaking Paragraph (1) of the Settlement Order required CGV to pay to the Commonwealth of Virginia a fine of Four Hundred Ninety-nine Thousand Dollars (\$499,000), of which Two Hundred Thousand Dollars (\$200,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Two Hundred Ninety-nine Thousand Dollars (\$299,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon CGV's compliance with the provisions of the Settlement Order.

Undertaking Paragraphs (2) and (3) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit executed by its Vice President of Pipeline Safety and Compliance certifying that the Company had completed the remedial measures required by Undertaking Paragraphs (2) and (3) of the Settlement Order.

By Order Granting Motion to Extend Filing Dates ("Extension Order") entered on July 30, 2014, the Commission granted the Company an extension of time for various compliance dates directed in the Settlement Order, with documentation of compliance to be filed with the Commission no later than November 30, 2015. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order and the Extension Order, and an affidavit documenting that the specified remedial actions have been completed was filed with the Commission by CGV on October 20, 2015.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Two Hundred Ninety-nine Thousand Dollars (\$299,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Two Hundred Ninety-nine Thousand Dollars (\$299,000) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. URS-2013-00173  
JANUARY 24, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ROANOKE GAS COMPANY,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement ("Settlement Order") dated October 1, 2013, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

Undertaking Paragraph (1) of the Settlement Order required RGC to pay a fine of One Hundred Twenty-three Thousand Seven Hundred Fifty Dollars (\$123,750), of which Thirty-six Thousand One Hundred Fifty Dollars (\$36,150) was paid contemporaneously with the entry of the Settlement Order and provided that the remaining Eighty-seven Thousand Six Hundred Dollars (\$87,600) could be suspended and subsequently vacated, in whole or in part, by the Commission upon the RGC's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit executed by the president of RGC certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order.

By Order entered on November 25, 2015, the Commission granted the Company an extension of time to comply with the Settlement Order until December 31, 2016, with documentation of compliance to be filed with the Commission no later than January 15, 2017. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed with the Commission on January 10, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining balance of Eighty-seven Thousand Six Hundred Dollars (\$87,600) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Eighty-seven Thousand Six Hundred Dollars (\$87,600) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.



**CASE NO. URS-2014-00405  
FEBRUARY 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated August 25, 2015, the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CGV" or "Company"), for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required CGV to pay to the Commonwealth of Virginia a fine of Four Hundred Sixty-six Thousand Five Hundred Dollars (\$466,500), of which Three Hundred Ninety-six Thousand Five Hundred Dollars (\$396,500) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Seventy Thousand Dollars (\$70,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon CGV's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit executed by the President of CGV certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by CGV on January 5, 2016.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Seventy Thousand Dollars (\$70,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Seventy Thousand Dollars (\$70,000) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

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<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2015-00001  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
A & R CONCRETE SOLUTIONS LLC,  
Defendant

**FINAL ORDER**

On March 16, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against A & R Concrete Solutions LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 1211 Old Graves Mill Road, Lynchburg, Virginia, while excavating. The Rule further alleged that the Defendant failed to notify the notification center prior to excavation, in violation of § 56-265.17 A of the Code.

On May 22, 2017, counsel for the Division filed a Motion to Dismiss Rule to Show Cause ("Motion") indicating therein that the owner/operator of the Defendant died in June of 2016 and that although the Staff believes a violation of the Act occurred, Staff does not wish to proceed further in this matter.<sup>1</sup>

NOW THE COMMISSION, upon consideration of this Motion, is of the opinion and finds that this matter should be dismissed.

Accordingly, IT IS SO ORDERED.

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<sup>1</sup> The Defendant's existence was cancelled by the Commission on November 30, 2014.

**CASE NO. URS-2015-00070  
OCTOBER 31, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

TREY MANGIGIAN t/a T&A BACKHOE SERVICES, LLC,  
Defendant

**FINAL ORDER**

On June 14, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Trey Mangigian t/a T&A Backhoe Services, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about October 2, 2014, the Defendant damaged a two-inch plastic gas main line operated by the City of Richmond, located at or near 5001 Cedar Acres Court, Henrico County, Virginia, while excavating. The Rule further alleged that on or about November 14, 2015, the Defendant damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 6849 Shasta Daisy Trail, Chesterfield County, Virginia, while excavating. The Rule alleged that on each of the occasions above, the Defendant failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code. The Rule further alleged that on the November 14, 2015 occasion, the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; and that on the November 14, 2015 occasion, the Defendant failed to expose the underground utility line to its extremities by hand digging within the excavation area when excavation was expected to come within two feet of the marked location of the underground utility line, in violation of 20 VAC 5-309-140 (2) of the Damage Prevention Rules.

The Rule also alleged that on or about January 7, 2016, the Defendant damaged a two-inch plastic main gas line operated by Columbia Gas of Virginia, located at or near 15009 Avening Court, Chesterfield County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center for the area that markings locating the underground utility lines became illegible, in violation of § 56-265.24 B of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before August 23, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On August 16, 2017, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Carl Alan Dale, damage prevention manager for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and Damage Prevention Rules.

On September 29, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant (i) on October 2, 2014, failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code; (ii) on November 14, 2015, failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code; (iii) on November 14, 2015, failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; and (iv) on November 14, 2015, failed to expose the underground utility line to its extremities by hand digging within the excavation area when excavation was expected to come within two feet of the marked location of the underground utility line, in violation of 20 VAC 5-309-140 (2) of the Damage Prevention Rules; and (v) on January 7, 2016, the Defendant failed to notify the notification center for the area that markings locating the underground utility lines became illegible, in violation of § 56-265.24 B of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Twelve Thousand Five Hundred Dollars (\$12,500) pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act or the Damage Prevention Rules. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Twelve Thousand Five Hundred Dollars (\$12,500) shall be imposed on the Defendant for the violations described herein.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00070 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case is hereby dismissed.

**CASE NO. URS-2015-00150  
FEBRUARY 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
MCP ENTERPRISES, LLC,  
Defendant

**FINAL ORDER**

On March 11, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against MCP Enterprises, LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about November 7, 2014, the Defendant damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4950 Plantation Road, N.E., Roanoke County, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to notify the notification center ("VA811") before beginning its excavation in violation of § 56-265.17 A of the Code; and (ii) failed to exercise due care at all times to protect the underground utility line in violation of § 56-265.24 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before May 18, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On June 1, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of James Edward Maass, Associate Safety Specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On June 10, 2016, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to notify VA811 before beginning its excavation in violation of § 56-265.17 A of the Code; and (ii) failed to exercise due care at all times to protect the underground utility line in violation of § 56-265.24 A of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.

(2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of §§ 56-265.17 A and 56-265.24 A of the Code as a result of the failure to exercise reasonable care.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00150 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00259  
FEBRUARY 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

TAURUS CONTRACTORS (UNDERGROUND) LLC,  
Defendant

**FINAL ORDER**

On December 8, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Taurus Contractors (Underground) LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 12, 2015, the Defendant damaged a three-quarter-inch steel gas service line operated by the Washington Gas Light Company, located at or near 115 North Ripley Street, Alexandria, Virginia, while excavating. The Rule alleged that the Defendant failed to request the re-marking of lines three working days before the end of the fifteen-working-day period, or at any time when line-location markings on the ground became illegible, in violation of § 56-265.17 D of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 3, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 17, 2016, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. Frederick Ochsenshirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of James Edward Maass, Associate Safety Specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On February 24, 2016, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant failed to request the re-marking of lines three working days before the end of the fifteen-working-day period, or at any time when line-location markings on the ground became illegible, in violation of § 56-265.17 D of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violations described herein of § 56-265.17 D of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00259 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00321  
OCTOBER 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ALL AMERICAN TREE AND LANDSCAPING,  
Defendant

**FINAL ORDER**

On March 11, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against All American Tree and Landscaping ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated a provision of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 22, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 6 Long Court, Stafford County, Virginia, while excavating. The Rule alleged that on the occasion above, the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 1, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On June 15, 2016, the matter was heard by A. Ann Berkebile, Hearing Examiner. Frederick D. Ochsenhirt, Esquire, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher S. Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On July 6, 2016, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of §§ 56-265.17 A of the Code.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00321 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2015-00418  
FEBRUARY 28, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

AFFORDABLE FENCE AND RAILING, LLC,  
Defendant

**FINAL ORDER**

On November 8, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Affordable Fence and Railing, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 5624 Larry Avenue, Virginia Beach, Virginia, while excavating. The Rule further alleged that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

On November 22, 2016, counsel for the Division filed a Motion to Dismiss Rule to Show Cause ("Motion"), indicating therein that subsequent to the issuance of the Rule, Staff determined that, due to an administrative error, the Rule named and was served upon the incorrect defendant. The Affordable Fence and Railing, LLC, named in the Rule does not conduct business in Virginia.

On November 29, 2016, the report of Hearing Examiner A. Ann Berkebile ("Report") was filed finding that the Motion should be granted and recommending that the Commission enter an Order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Hearing Examiner's Report is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.

(2) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00443  
MARCH 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ANTHONY W. BRUCE *t/a* ANDY'S SEPTIC TANK & BACKHOE SERVICE,  
Defendant

**FINAL ORDER**

On October 12, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Anthony W. Bruce *t/a* Andy's Septic Tank & Backhoe Service ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Rules for Enforcement of the Underground Utility Damage Prevention Act, Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about May 22, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by the City of Danville, located at or near 124 Vandola Road, Danville, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to provide notice to the notification center with proper information, in violation of § 56-265.18 of the Code; (ii) failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code; (iii) failed to take immediate steps reasonably calculated to safeguard life, health and property, in violation of § 56-265.24 E of the Code; (iv) failed to verify the location prior to excavation, in violation of 20 VAC 5-309-180 of the Damage Prevention Rules; and (v) failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before November 14, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On November 30, 2016, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. Frederick D. Ochsenhirt, Associate General Counsel, and M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin A. Johnson, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On January 26, 2017, the Hearing Examiner's Report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to provide notice to the notification center with proper information, in violation of § 56-265.18 of the Code; (ii) failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code; (iii) failed to take immediate steps reasonably calculated to safeguard life, health and property, in violation of § 56-265.24 E of the Code; (iv) failed to verify the location prior to excavation, in violation of 20 VAC 5-309-180 of the Damage Prevention Rules; and (v) failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Twelve Thousand Five Hundred Dollars (\$12,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes and rules, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code and 20 VAC 5-309-50 B of the Damage Prevention Rules, judgment is entered against the Defendant and a civil penalty of Twelve Thousand Five Hundred Dollars (\$12,500) shall be imposed on the Defendant for the violations described herein of §§ 56-265.18, 56-265.24 E, and 56-265.24 D of the Code; and 20 VAC 5-309-180 and 20 VAC 5-309-200 of the Damage Prevention Rules as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00443 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is dismissed.

**CASE NO. URS-2015-00475  
APRIL 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated April 5, 2016, the State Corporation Commission ("Commission") accepted the offer of settlement of Columbia Gas of Virginia, Inc. ("CVA" or "Company"), for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required CVA to pay to the Commonwealth of Virginia a fine of Four Hundred Three Thousand Five Hundred Dollars (\$403,500), of which Two Hundred Thirty-three Thousand Five Hundred Dollars (\$233,500) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining One Hundred Seventy Thousand Dollars (\$170,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon CVA's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide affidavits executed by the "Vice President – Pipeline" of CVA certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and affidavits documenting that the specified remedial actions have been completed were filed by CVA on July 12, 2016, and March 31, 2017.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of One Hundred Seventy Thousand Dollars (\$170,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of One Hundred Seventy Thousand Dollars (\$170,000) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. URS-2015-00525  
MARCH 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
JAMES STEWART,  
Defendant

**FINAL ORDER**

On October 12, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against James Stewart ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 26, 2015, the Defendant damaged a one-inch plastic gas service line operated by the City of Richmond, located at or near 11 East Laburnum Avenue, Richmond, Virginia, while excavating. The Rule further alleged that the Defendant failed to notify the notification center before beginning his excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before November 16, 2016. The Rule was properly served on the Defendant; however, the Defendant failed to file a responsive pleading to the Rule.

On November 30, 2016 the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, and M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that the Defendant: (1) be found in default; (2) be enjoined from further violations of the Act; and (3) be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violating the Act.

On January 26, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Act by failing to notify the notification center for the area before beginning excavation.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation of § 56-265.17 A of the Code as a result of the failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00525 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.



**CASE NO. URS-2015-00544  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CHERRY HILL EXCAVATING, INC.,  
Defendant

**FINAL ORDER**

On November 1, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Cherry Hill Excavating, Inc., ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about November 11, 2014, the Defendant damaged a four-inch plastic gas main line operated by Washington Gas Light Company, located at or near 42156 Bunker Woods Place, Loudoun County, Virginia while excavating.

With regard to the incident on or about November 11, 2014, the Rule alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code and the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

On November 22, 2016 Staff filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Staff stated that subsequent to the issuance of the Rule, the Staff determined that the Defendant's assets were liquidated, and the Defendant is no longer operating in Virginia.

On December 7, 2016, the report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report") was filed, finding that the Division's Motion should be granted, and recommending that the Commission issue an Order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Staff's Motion to Dismiss Rule to Show Cause is hereby granted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2015-00545  
APRIL 19, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
EMT ASPHALT, INC. t/a SALEM PAVING CORPORATION,  
Defendant

**FINAL ORDER**

On November 1, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against EMT Asphalt, Inc. t/a Salem Paving Corporation ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about July 28, 2015, the Company damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company ("Roanoke Gas"), located at or near 5041 Plantation Grove Lane, Roanoke County, Virginia while excavating. The Rule further alleged that on or about March 9, 2016, the Company damaged a one-half-inch plastic gas service line operated by Roanoke Gas, located at or near 3132 Garst Cabin Road, S.W., Roanoke County, Virginia while excavating.

With regard to the incident on or about July 28, 2015, the Rule alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code. With regard to the incident on or about March 9, 2016, the Rule alleged that the Defendant (i) failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code, and (ii) failed to maintain reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 22, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On March 8, 2017, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin A. Johnson, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On March 16, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that (i) the Defendant violated § 56-265.17 A of the Code by failing to notify the Miss Utility Notification Center before beginning an excavation, which resulted in damage to Roanoke Gas's utility facilities; (ii) the Defendant violated § 56-265.24 A (1) of the Code by failing to expose the underground utility line to its extremities by hand digging, which resulted in damage to Roanoke Gas's utility facilities; and (iii) the Defendant violated 20 VAC 5-309-140 (4) of the Commission's Rules by failing to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, which resulted in damage to Roanoke Gas's utility facilities.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violations described herein of § 56-265.17 A and § 56-265.24 A of the Code, and 20 VAC 5-309-140 (4) of the Damage Prevention Rules, as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00545 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is dismissed.

**CASE NO. URS-2015-00547  
JUNE 29, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
ARIA ENERGY, LLC,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated December 4, 2015, the State Corporation Commission ("Commission") accepted the offer of settlement of Aria Energy, LLC ("Aria" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required Aria to pay to the Commonwealth of Virginia a fine of Fourteen Thousand Five Hundred Eighty Dollars (\$14,580), of which Ten Thousand Dollars (\$10,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Four Thousand Five Hundred Eighty Dollars (\$4,580) may be suspended and subsequently vacated, in whole or in part, by the Commission upon Aria's compliance with the provisions of the Settlement Order.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit executed by the President of Aria certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by Aria on March 30, 2016.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Four Thousand Five Hundred Eighty Dollars (\$4,580) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Four Thousand Five Hundred Eighty Dollars (\$4,580) shall be vacated.
- (2) This case is hereby dismissed.

**CASE NO. URS-2015-00608  
FEBRUARY 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
SHAZIER COMPANY,  
Defendant

**FINAL ORDER**

On March 9, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Shazier Company ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that (i) on or about September 17, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. ("VNG"), located at or near 398 Wiltshire Crest, Newport News, Virginia, while excavating; (ii) on or about September 18, 2015, the Defendant damaged a two-inch plastic gas main line operated by VNG, located at or near 396 Wiltshire Crest, Newport News, Virginia, while excavating; and (iii) on or about September 19, 2015, the Defendant damaged a two-inch plastic gas main line operated by VNG, located at or near 396 Wiltshire Crest, Newport News, Virginia, while excavating.

The Rule alleged that the Defendant: (i) failed to exercise due care at all times to protect the underground utility lines from damage, a violation of § 56-265.24 A of the Code; (ii) failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, a violation of 20 VAC 5-309-150 (4) of the Damage Prevention Rules; (iii) failed to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing the bore, a violation of 20 VAC 5-309-150 (6) of the Damage Prevention Rules; and (iv) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, a violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 29, 2016. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On July 13, 2016, the matter was heard by Michael D. Thomas, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin Alan Johnson, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On August 8, 2016, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) violated § 56-265.24 A of the Code on three occasions by failing to exercise due care at all times to protect certain underground natural gas lines from damage; and (ii) violated Damage Prevention Rules 20 VAC 5-309-150 (4), 20 VAC 5-309-150 (6), and 20 VAC 5-309-150 (8) on two occasions by failing to take appropriate precautions when engaged in underground directional boring resulting in damage to certain underground natural gas lines. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Twelve Thousand Five Hundred Dollars (\$12,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Twelve Thousand Five Hundred Dollars (\$12,500) shall be imposed on the Defendant for the violations described herein of

§ 56-265.24 A of the Code and 20 VAC 5-309-150 (4); 20 VAC 5-309-150 (6) and 20 VAC 5-309-150 (8) of the Damage Prevention Rules as a result of the failure to exercise reasonable care.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218. Case No. URS-2015-00608 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2015-00632  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
ROANOKE GAS COMPANY,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated March 8, 2016, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance, and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required RGC to pay to the Commonwealth of Virginia a fine of Two Hundred Forty-six Thousand Dollars (\$246,000), of which Seventy-one Thousand Dollars (\$71,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining One Hundred Seventy-five Thousand Dollars (\$175,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon RGC's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete specified remedial actions. The Settlement Order also directed the Company to provide affidavits executed by the President of RGC certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order, and affidavits documenting that the specified remedial actions had been completed were filed with the Commission by RGC on July 13, 2016; November 21, 2016; and March 10, 2017.<sup>2</sup> The Company has now fully complied with the terms and undertakings as outlined in the Settlement Order.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of One Hundred Seventy-five Thousand Dollars (\$175,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty amount of One Hundred Seventy-five Thousand Dollars (\$175,000) shall be vacated.

(2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

<sup>2</sup> On November 30, 2016, the Commission entered an Order extending the time for RGC to submit its final affidavit from January 15, 2017 to March 15, 2017.

**CASE NO. URS-2016-00020  
MARCH 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

PILGRIM UNDERGROUND COMMUNICATIONS, LLC,  
Defendant

**FINAL ORDER**

On November 8, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Pilgrim Underground Communications, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 6, 2015, the Defendant damaged a one-inch plastic gas service line operated by the City of Richmond, located at or near 3414 Castlewood Road, Richmond, Virginia, while excavating. The Rule further alleged that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before December 28, 2016. The Rule was properly served on the Defendant; however, the Defendant failed to file a responsive pleading to the Rule.

On January 11, 2017, the matter was heard by A. Ann Berkebile, Hearing Examiner. Frederick Ochsenhirt, Associate General Counsel, and M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that the Defendant: (1) be found in default; (2) be enjoined from further violations of the Act; and (3) be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violating the Act.

On January 25, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for violation of § 56-265.24 A of the Code as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00020 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00058  
SEPTEMBER 8, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

R. T. SMITH, INDIVIDUALLY AND *t/a* RUFUS SMITH JR. CONTRACTING COMPANY,  
Defendant

**FINAL ORDER**

On June 14, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against R. T. Smith individually and *t/a* Rufus Smith Jr. Contracting Company ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 ( § 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about January 6, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 9340 Cardiff Loop Road, Chesterfield, Virginia, while excavating. The Rule alleged that the Defendant failed to notify the notification center before beginning excavation in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before August 9, 2017. The Defendant failed to file a responsive pleading to the Rule.

On August 30, 2017, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. At the hearing, counsel for the Division moved to dismiss this matter without prejudice for lack of adequate service on the Defendant.

On September 6, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that good cause having been shown, the Division's Motion to Dismiss should be granted.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case is hereby dismissed.

**CASE NO. URS-2016-00129  
MARCH 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

PRATA CONSTRUCTION, INC.,  
Defendant

**FINAL ORDER**

On November 1, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Prata Construction, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 ( § 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about January 21, 2016, Prata Construction, Inc. ("Defendant"), damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 4748 33rd Street North, Arlington County, Virginia, while excavating. The Rule further alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before January 11, 2017. The Rule was properly served on the Defendant; however, the Defendant failed to file a responsive pleading to the Rule.

On January 25, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher S. Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On January 27, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for violation of § 56-265.17 A of the Code as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00129 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00137  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

MONROY CONSTRUCTION & LANDSCAPING SERVICES INC.,  
Defendant

**FINAL ORDER**

On February 8, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Monroy Construction & Landscaping Services Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

The Rule alleged that on or about December 18, 2015, the Defendant damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company, located at or near 2401 Fort Scott Drive, Arlington County, Virginia, while excavating. Specifically, the Rule alleged that the Defendant: (i) failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code; and (ii) failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 15, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On April 5, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On May 9, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant should be held in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that (i) the Defendant violated § 56-265.17 A of the Code; and (ii) the Defendant violated 20 VAC 5-309-200 of the Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes and rules is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of § 56-265.17 A of the Code and 20 VAC 5-309-200 of the Damage Prevention Rules, as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00137 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00142  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
EASTERN CONTRACTING INC.,  
Defendant

**FINAL ORDER**

On February 8, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Eastern Contracting Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that the Defendant damaged a three-quarter-inch plastic gas drip line operated by Washington Gas Light Company, located at or near 9319 Tovito Drive, Fairfax County, Virginia, while excavating. The Rule further alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

On March 7, 2017, counsel for the Division filed a Motion to Dismiss Rule to Show Cause ("Motion"), indicating therein that subsequent to the issuance of the Rule, and based on new information provided by Washington Gas Light Company, the Staff determined that a different contractor performed a significant portion of the excavation in question. Although the Staff believes a violation of the Act occurred, a warning letter is the appropriate penalty.

On March 10, 2016, the report of Hearing Examiner A. Ann Berkebile ("Report") was filed finding that the Motion should be granted and recommending that the Commission enter an order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Hearing Examiner's Report is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.



**CASE NO. URS-2016-00146  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
CHRIS PRICE UTILITIES, LLC,  
Defendant

**FINAL ORDER**

On October 17, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Chris Price Utilities, LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about December 28, 2015, the Defendant damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 1205 Westpoint Drive, Suffolk, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code; (ii) failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, in violation of § 56-265.24 A of the Code; (iii) utilized mechanized equipment within two feet of the extremities of all exposed utility lines, in violation of 20 VAC 5-309-140 (3) of the Damage Prevention Rules; and (iv) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 8, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On February 22, 2017, the matter was heard by Alexander F. Skirpan, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of James E. Maass, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that the Defendant: (1) be found in default; (2) be enjoined from further violations of the Act; and (3) be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On March 3, 2017, the Hearing Examiner's Report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant (i) failed to notify VA811 before beginning its excavation in violation of § 56-265.17 A of the Act; (ii) failed to take all reasonable steps necessary to protect, support, and backfill the underground utility line in violation of § 56-265.24 A of the Code; (iii) used mechanized equipment within two feet of the extremities of all exposed utility lines in violation of 20 VAC 5-309-140 (3) of the Damage Prevention Rules; and (iv) failed to visually check the drill head as it passed through potholes, entrances, and exit pits in violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Ten Thousand Dollars (\$10,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Ten Thousand Dollars (\$10,000) shall be imposed on the Defendant for the violations described herein of § 56-265.17 A and § 56-265.24 A of the Code and 20 VAC 5-309-140 (3) and 20 VAC 5-309-150 (8) of the Damage Prevention Rules as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00146 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is dismissed.

**CASE NO. URS-2016-00153  
JULY 24, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

O & B INNOVATIONS, LLC,  
Defendant

**FINAL ORDER**

On March 13, 2017, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against O&B Innovations, LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

The Rule alleged that on or about January 12, 2016, the Defendant damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 728 Autumn Circle, James City County, Virginia, while excavating. Specifically, the Rule alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before May 24, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On June 14, 2017, the matter was heard by Alexander F. Skirpan, Jr., Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. During the evidentiary hearing, the Division presented the testimony of James E. Maass, safety specialist for the Division, which was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On June 27, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant should be held in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500), pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00153 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00175  
APRIL 17, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

CAHALL CONSTRUCTION, LLC,  
Defendant

**FINAL ORDER**

On November 1, 2016, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Cahall Construction, LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

The Rule alleged that on or about January 6, 2016, the Defendant damaged a two-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Columbia Gas"), located at or near 5327 Jefferson Davis Highway, Spotsylvania County, Virginia, while excavating. The Rule alleged specifically that the Defendant: (i) failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code; (ii) failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, in violation of § 56-265.24 A of the Code; and (iii) utilized mechanized equipment within two feet of the extremities of all exposed utility lines, in violation of 20 VAC 5-309-140 (3) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before February 22, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On March 8, 2017, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Kelvin A. Johnson, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On March 16, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant was in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that (i) the Defendant violated § 56-265.17 A of the Code by failing to notify the Miss Utility Notification Center before beginning an excavation, which resulted in damage to Columbia Gas's utility facilities; (ii) the Defendant violated § 56-265.24 A of the Code by failing to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, which resulted in damage to Columbia Gas's utility facilities; and (iii) the Defendant violated 20 VAC 5-309-140 (3) of the Commission's Damage Prevention Rules by utilizing mechanized equipment within two feet of the extremities of an exposed underground utility line, which resulted in damage to Columbia Gas's utility facilities.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500), pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violations described herein of § 56-265.17 A and § 56-265.24 A of the Code, and 20 VAC 5-309-140 (3) of the Damage Prevention Rules, as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-000175 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is dismissed.

**CASE NO. URS-2016-00242  
MAY 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

TIDEWATER FENCE COMPANY LLC,  
Defendant

**FINAL ORDER**

On February 8, 2017 the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Tidewater Fence Company LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 3036 Stratford Drive, Chesapeake, Virginia, while excavating. The Rule further alleged that the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.

At the hearing on the Rule on April 12, 2017, counsel for the Division moved for dismissal of the Rule. On April 18, 2017, the report of Hearing Examiner A. Ann Berkebile ("Report") was filed finding that the Division's Motion should be granted and recommending that the Commission enter an Order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Hearing Examiner's Report, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2016-00263  
SEPTEMBER 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

KIDWELL FENCING & HOME IMPROVEMENTS, INC.,  
Defendant

**FINAL ORDER**

On May 24, 2017, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against Kidwell Fencing & Home Improvement, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

The Rule alleged that on or about March 28, 2016, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 327 Arbor Court, Frederick County, Virginia, while excavating. Specifically, the Rule alleged that on this occasion the Defendant failed to provide notice to the notification center with proper information, in violation of § 56-265.18 of the Code. The Rule further alleged that on this occasion the Defendant failed to verify the location prior to excavation, in violation of 20 VAC 5-309-180 of the Damage Prevention Rules.

The Rule also alleged that on or about October 18, 2016, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 413 Surrey Club Lane, Frederick County, Virginia, while excavating. Specifically, the Rule alleged that on this occasion the Defendant failed to wait 48 hours, beginning 7 a.m. the next working day following notice to the notification center, before excavating, in violation of § 56-265.17 B (2) of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before July 19, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On August 2, 2017, the matter was heard by A. Ann Berkebile, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. During the evidentiary hearing, the Division presented the testimony of Christopher S. Rush, safety specialist for the Division, which was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On August 14, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant should be held in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated §§ 56-265.18 and 56-265.17 B (2) of the Code and 20 VAC 5-309-180 of the Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500), pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violations described herein of §§ 56-265.18 and 56-265.17 B (2) of the Code and 20 VAC 5-309-180 of the Damage Prevention Rules.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00263 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00281  
DECEMBER 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
CSX TRANSPORTATION, INC.,  
Defendant

**FINAL ORDER**

On July 20, 2016, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") in the above-captioned case against CSX Transportation, Inc. ("CSX" or the "Defendant"), on behalf of the Division of Utility and Railroad Safety ("Division"), alleging multiple violations of § 56-412.1 of the Code of Virginia ("Code"). Specifically, the Rule pointed out that the Commission is authorized to enforce the requirements of § 56-412.1 of the Code and impose the fines authorized therein. The Rule stated that, among other things, § 56-412.1 of the Code provides that "[i]t shall be unlawful for any railroad company . . . to obstruct for a longer period than five minutes the free passage on any street or road by standing cars or trains across the same . . . ." The Division conducted investigations of a number of violations of this section of the Code during the period July 3, 2015, through June 1, 2016, involving CSX. Based on its investigation, the Division recommended that, consistent with § 56-412.1 of the Code, the Commission enter a remedial order directing CSX to take action consistent with its obligations under the law and imposing a civil penalty not exceeding Five Hundred Dollars (\$500) per incident listed in the attachment to the Rule.<sup>1</sup>

On August 23, 2016, CSX filed a Motion to Dismiss, to Suspend or Extend Procedural Schedule and for Expedited Consideration ("Motion") requesting that the Commission decline to exercise jurisdiction over this enforcement action and to dismiss with prejudice the violations alleged in the Rule. In support, CSX argued that the underlying statute (§ 56-412.1 of the Code) is preempted by both the Interstate Commerce Commission Termination Act ("ICCTA"), 49 U.S.C. §§ 10101 *et seq.* and the Federal Railroad Safety Act ("FRSA"), 49 U.S.C. §§ 20101 *et seq.*<sup>2</sup> CSX further moved to suspend or extend the procedural schedule prescribed in the Rule, including the filing deadline for the Company's responsive pleading, until such time as the Commission had disposed of the Company's Motion and made a determination of this threshold legal issue.

<sup>1</sup> Rule at 1.

<sup>2</sup> Motion at 1.

On September 13, 2016, Hearing Examiner Howard P. Anderson, Jr., issued a Ruling taking the CSX Motion under advisement and indicating that the jurisdictional issue would be addressed in his Final Report. On November 1, 2016, the Hearing Examiner convened an evidentiary hearing to receive evidence regarding the Rule. Pursuant to the schedule established by the Hearing Examiner, the Division filed its post-hearing brief on January 17, 2017. CSX filed its post-hearing brief on January 27, 2017, and the Division filed its reply brief on February 10, 2017.

On June 7, 2017, the Hearing Examiner issued his Final Report ("Hearing Examiner's Report"). The Hearing Examiner found that "the weight of the case law would seem to support a finding that state statutes similar to § 56-412.1 of the Code are effectively preempted by federal law and regulation. Nonetheless, Virginia's statute has not been addressed by the courts, and therefore, the case law may not be controlling here."<sup>3</sup> The Hearing Examiner further found that, in the event the Commission determines that its authority under the Code is not preempted by federal law, "clear and convincing evidence supports a finding that CSX violated § 56-412.1 of the Code on 70 occasions, and all of the blockages at issue in this case completely prevented access to the Richmond crossings and an Ashland neighborhood that has only a single access road."<sup>4</sup> The Hearing Examiner recommended that the Commission impose penalties for these violations as follows: 13 violations at \$100 each; one violation in Ashland at \$500; and 56 violations in the Main Street Station area at \$300 each, for a total penalty of \$18,600.<sup>5</sup>

On June 28, 2017, the Division and CSX filed comments objecting to portions of the Hearing Examiner's Report. The Division argued that Section 56-412.1 of the Code is not preempted by the FRSA, as the FRSA specifically states that "[a] State may adopt or continue in force a law, regulation, or order related to railroad safety or security until the Secretary of Transportation (with respect to railroad safety matters), or the Secretary of Homeland Security (with respect to railroad security matters), prescribes a regulation or issues an order covering the subject matter of the State requirement."<sup>6</sup> The Division noted that the Hearing Examiner found that there are no federal regulations governing the blocking of rail crossings by a railroad.<sup>7</sup> The Division stated that the Hearing Examiner was incorrect in relying on federal regulations governing the speed of trains, as "the Hearing Examiner's finding would render the savings clause set forth in the FRSA completely moot, as all state regulation of railroads in some way indirectly affects the speed of rail travel."<sup>8</sup>

The Division further argued that § 56-412.1 of the Code is not preempted by the ICCTA, as the ICCTA governs "rail transportation, such as the routine movement of trains or other non-safety related aspects of rail operations."<sup>9</sup> Therefore, the Division concludes, the Virginia statute, which is designed to address rail safety, and not rail transportation, should be examined under the FRSA, not the ICCTA. The Division concluded that "Virginia statute is thus intended to make rail transportation more effective, not to create the sort of burdensome regulatory requirement or restriction the ICCTA was enacted to eliminate."<sup>10</sup>

CSX, on the other hand, stated that it agreed with the Hearing Examiner that the weight of the case law supports a finding that state statutes like § 56-412.1 of the Code are effectively preempted by federal law and regulation.<sup>11</sup> CSX urged the Commission to grant its August 23, 2016 Motion to Dismiss, which the Hearing Examiner took under advisement, on the basis that § 56-412.1 of the Code is preempted by both the ICCTA and the FRSA. CSX further argued that, in the event the Commission concludes that its jurisdiction is not preempted by federal law, it should find that the Division failed to prove by clear and convincing evidence that CSX violated the Code, and should therefore dismiss the Rule to Show Cause.

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted in part and denied in part. We find that the record in this case demonstrates by clear and convincing evidence that the Defendant violated § 56-412.1 of the Code on 70 occasions, as discussed by the Hearing Examiner. We further find that this section of the Code is not preempted by federal law. We agree with the Hearing Examiner's findings regarding liability under the Code, and will impose penalties on CSX as set forth in the Hearing Examiner's Report.

#### *Va. Code § 56.412.1 and Alleged Violations*

Section 56-412.1 of the Code provides in pertinent part that a railroad may not "obstruct for a longer period than five minutes the free passage on any street or road by standing cars or trains across the same." Therefore, the statute permits stopped trains to block the free passage of traffic on roadways, but limits the time railroads may do so to five minutes or less. The statute thus reflects a balancing of the needs of railroads to stop trains to load and unload cargo or to take on personnel, and the need for the public to freely traverse roadways.

<sup>3</sup> Hearing Examiner's Report at 12.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 15.

<sup>6</sup> Staff Comments at 3; 49 U.S.C. § 20106(a).

<sup>7</sup> Staff Comments at 3.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at 5.

<sup>10</sup> *Id.* at 6.

<sup>11</sup> CSX Comments at 2, 8-28.

In this case, the Division alleged 87 violations by CSX of this statute. Eighty-five of these alleged violations occurred at one of three crossings in Richmond. The remaining two alleged violations occurred in Ashland. As noted by the Hearing Examiner, the Division presented the testimony of Division inspector Don Richardson and William Snead, a local business owner whose facility is located in the vicinity of the blocked Richmond crossings.<sup>12</sup> Mr. Richardson and Mr. Snead each presented evidence of the time certain CSX trains blocked crossings, and the time the crossings were clear and available to be traversed by the public. CSX, on the other hand, argued that the Division's evidence did not show what time the train began moving after being stopped, but rather the time that the train completely cleared the intersection.<sup>13</sup>

The Division also presented the testimony of Braxton Reed, a deputy with the Hanover County Sheriff's Office, and Robert Creecy, Chief of the Richmond Fire Department. Deputy Reed testified regarding the alleged blockages in Ashland, while Chief Creecy discussed the inability of his department to access businesses such as Mr. Snead's during times when the crossings were blocked by trains, as the only other point of access is a tunnel often inaccessible to rescue vehicles.<sup>14</sup>

We agree with the Hearing Examiner that the Division's testimony proves by clear and convincing evidence that CSX trains blocked crossings in Richmond and Ashland for more than five minutes on 70 occasions. The Hearing Examiner properly excluded incidents caused by mechanical failure, which are not subject to penalties under the Code. The Hearing Examiner concluded that the Division's evidence was insufficient in certain cases where the CSX train may have begun moving after less than five minutes but not cleared the intersection during this time. We agree with the Hearing Examiner here as well.

*Federal Preemption of Va. Code § 56.412.1*

Throughout the hearing, and again in comments to the Hearing Examiner's Report, CSX alleged that Section 56-412.1 of the Code was preempted by federal law, specifically the ICCTA and the FRSA. As this is a case of first impression under the statute, we have never determined whether the state law is preempted by either the FRSA or the ICCTA. In addition, neither the U.S. Supreme Court nor the Court of Appeals for the Fourth Circuit has ruled on such preemption, and thus there is no appellate precedent directly applicable in Virginia.

The FRSA provides that

[a] State may adopt or continue in force a law, regulation, or order related to railroad safety or security until the Secretary of Transportation (with respect to railroad safety matters), or the Secretary of Homeland Security (with respect to railroad security matters), prescribes a regulation or issues an order covering the subject matter of the State requirement. A State may adopt or continue in force an additional or more stringent law, regulation, or order related to railroad safety or security when the law, regulation, or order—

- (A) is necessary to eliminate or reduce an essentially local safety or security hazard;
- (B) is not incompatible with a law, regulation, or order of the United States Government; and
- (C) does not unreasonably burden interstate commerce.<sup>15</sup>

Thus, the FRSA does not preempt state regulation of railroads if federal regulators have not issued regulations encompassing the subject matter regulated by the state law. Nothing in the record in this case indicates that a federal agency has ever issued regulations dealing with trains blocking road crossings. CSX argued, and the Hearing Examiner agreed, that anti-blocking statutes and ordinances are subsumed by federal regulations regarding train speed, train length and air brake tests. We find, however, that the language of the FRSA leads to a different conclusion. A state law dealing with rail safety or rail security is not preempted by the FRSA if federal regulators have not issued regulations "covering the subject matter of the State requirement." In this case, the subject matter of the state requirement is blocked rail crossings, not train speed or air brake tests. If the approach urged by CSX were to prevail, we cannot see any state regulation that would not be preempted by the FRSA, as any regulation of a moving train has an effect on the speed of the train. This is contrary to the language of the FRSA, which clearly allows some state regulation to continue.

Congress enacted the ICCTA to "eliminate many outdated, unnecessary and burdensome regulatory requirements and restrictions on the rail industry."<sup>16</sup> As noted by the Hearing Examiner, the ICCTA vests exclusive jurisdiction in the federal Surface Transportation Board over transportation by rail carriers, and in such cases, the remedies provided by the ICCTA preempt any remedies provided under Federal or State law.

We therefore are presented with two different federal statutes with different preemption analysis. Any such analysis must begin with a determination of which, if any, federal statute is applicable here.

The FRSA specifically states that it governs rail safety and rail security, as the federal regulations that would preempt state law are those issued by the Departments of Transportation and Homeland Security. The ICCTA likewise, is specific in stating that it is intended to preempt state rules governing rail transportation that otherwise burden the free movement of trains. We conclude that if Section 56-412.1 of the Code is a matter of rail safety or rail security, the analysis will be covered by the FRSA, while if the statute is a matter of rail transportation, it is covered by the ICCTA. Federal precedent supports this interpretation. In *Tyrell v. Norfolk Southern Ry. Co.*, the 6<sup>th</sup> Circuit held that where a state regulation "has a connection with rail safety based upon its terms, the safety benefits of compliance, and its legally recognized purpose, the FRSA provides the applicable standard for assessing federal preemption."<sup>17</sup>

<sup>12</sup> Hearing Examiner's Report at 3; Tr. at 14-31, 38-39.

<sup>13</sup> Tr. at 23-24.

<sup>14</sup> Tr. at 33-34, 40-42.

<sup>15</sup> 49 U.S.C. § 20106(a).

<sup>16</sup> 49 U.S.C. § Sen.Rep. No. 104-176, 1st Sess. (1995); 49 U.S.C. § 10101.

<sup>17</sup> *Tyrell v. Norfolk Southern Ry. Co.*, 248 F. 3d 517, 524 (6<sup>th</sup> Cir. 2001).

We also find that the preemption analysis proposed by CSX, wherein any state regulation that would affect the speed or length of trains is preempted under both the FRSA and the ICCTA, would be overly broad. As the U.S. Supreme Court has held, "[i]n the interest of avoiding unintended encroachment on the authority of the States, however, a court interpreting a federal statute pertaining to a subject traditionally governed by state law will be reluctant to find preemption. Thus, preemption will not lie unless it is 'the clear and manifest purpose of Congress.'<sup>18</sup> We further find that the preemption analysis contained herein – that if a state regulation is related to safety, it should be assessed under the FRSA and not the ICCTA – most specifically supports the clear and manifest purpose of Congress.

The testimony in this case clearly shows that the blockages of rail crossings by CSX are a matter of safety. The blockage in Ashland blocked the only point of access to a residential neighborhood. Had a resident of that neighborhood suffered a life threatening emergency, the stopped CSX train would have prevented emergency vehicles from accessing the neighborhood, so lives were literally threatened by this blockage. Similarly, as Chief Creecy testified, the incidents in Richmond made it impossible for his first responders to reach certain addresses for the duration of the incident, which also could have literally threatened lives. These incidents also demonstrate why this is not a matter impeding rail transportation. Had CSX complied with the state law and not blocked these crossings, the trains would have moved more freely. Rather than impeding rail transportation, Virginia law encourages it.

Therefore, we conclude that the FRSA, not the ICCTA, governs the preemption analysis in this case. We further conclude that neither the Department of Transportation nor the Department of Homeland Security has ever issued regulations covering the subject matter of Section 56-412.1 of the Code. Consequently, the Virginia law is not preempted by federal law.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the June 7, 2017 Hearing Examiner's Report are hereby adopted in part and reversed in part, as discussed herein.

(2) The Defendant's Motion to Dismiss is denied.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-412.1 of the Code, judgment is entered in favor of the Commonwealth and against the Defendant, and a civil penalty of Eighteen Thousand Six Hundred Dollars (\$18,600) shall be imposed on the Defendant.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00281 shall be referenced in any document transmitting payment of the penalties imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Order advising whether the Defendant has transmitted the payment of the penalties imposed herein.

(6) This case is dismissed.

<sup>18</sup> *CSX Transp., Inc. v. Easterwood*, 507 U.S. 658, 664 (1993).

**CASE NO. URS-2016-00281  
DECEMBER 21, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

CSX TRANSPORTATION, INC.,  
Defendant

**ORDER GRANTING RECONSIDERATION**

On December 5, 2017, the State Corporation Commission ("Commission") entered a Final Order in this docket that, among other things, entered judgment against CSX Transportation, Inc. ("CSX") and imposed a civil penalty of Eighteen Thousand Six Hundred Dollars (\$18,600) payable no later than 60 days from the date of the Final Order.

On December 21, 2017, CSX filed a Motion to Stay Imposition of Penalty Pending Appeal to the Supreme Court of Virginia ("Motion").

NOW THE COMMISSION, upon consideration hereof, will treat the Motion as a request for reconsideration and grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced Motion. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the above-referenced Motion.

(2) Pending the Commission's reconsideration, the Final Order is suspended.

(3) This matter is continued generally.



**CASE NO. URS-2016-00282  
SEPTEMBER 20, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated September 20, 2016, the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of WGL, whereby the Company consented to the form, substance, and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required WGL to pay to the Commonwealth of Virginia a fine of One Hundred Three Thousand Dollars (\$103,000), of which Fifty-nine Thousand Dollars (\$59,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Forty-four Thousand Dollars (\$44,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon WGL's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order.<sup>2</sup> The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by WGL on July 28, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Forty-four Thousand Dollars (\$44,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Forty-four Thousand Dollars (\$44,000) shall be vacated.
- (2) This case is hereby dismissed.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

<sup>2</sup> On March 31, 2017, WGL filed a Motion to Accept Late Motion to Request Extension of Time ("Motion"), requesting an extension of time to complete certain remedial actions. The Commission entered an Order on April 3, 2017, granting the Company's Motion.

**CASE NO. URS-2016-00283  
AUGUST 24, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ATMOS ENERGY CORPORATION,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated August 26, 2016, the State Corporation Commission ("Commission") accepted the offer of settlement of Atmos Energy Corporation ("Atmos" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of Atmos, whereby the Company consented to the form, substance, and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required Atmos to pay to the Commonwealth of Virginia a fine of Ninety-five Thousand Dollars (\$95,000), of which Twenty-seven Thousand Dollars (\$27,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Sixty-eight Thousand Dollars (\$68,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon Atmos' compliance with the provisions of the Settlement Order.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order.<sup>2</sup> The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by Atmos on August 4, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Sixty-eight Thousand Dollars (\$68,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The remaining penalty amount of Sixty-eight Thousand Dollars (\$68,000) shall be vacated.

(2) This case is hereby dismissed.

<sup>2</sup> On March 20, 2017, Atmos filed a Motion for Extension of Time to Comply with Order of Settlement ("Motion"), requesting an extension of time to complete certain remedial actions. The Commission entered an Order on April 5, 2017, granting the Company's Motion.

**CASE NO. URS-2016-00289  
MAY 10, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ALBEMARLE CONTRACTORS, LLC,  
Defendant

**FINAL ORDER**

On February 8, 2017 the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Albemarle Contractors, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about December 8, 2015, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 1340 Gust Lane, Chesapeake, Virginia, while excavating. The Rule further alleged that on this occasion the Defendant (1) failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code; (2) failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code; (3) failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of 20 VAC 5-309-150 (4) of the Damage Prevention Rules; (4) failed to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Damage Prevention Rule 20 VAC 5-309-150 (6); and (5) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Damage Prevention Rule 20 VAC 5-309-150 (8).

At the hearing on the Rule on April 5, 2017, counsel for the Division moved for dismissal of the Rule. On April 25, 2017, the report of Hearing Examiner Howard P. Anderson, Jr. ("Report"), was filed finding that the Division's Motion for Dismissal ("Motion") should be granted and recommending that the Commission enter an order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Hearing Examiner's Report, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.

(2) This case shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's file for ended causes.

**CASE NO. URS-2016-00303  
JULY 24, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
MASTEC, INC.,  
Defendant

**FINAL ORDER**

On June 14, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Mastec, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 23, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 1645 Lenox Avenue, Roanoke County, Virginia, while excavating.

With regard to the incident on or about April 23, 2016, the Rule alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

On June 28, 2017, Staff filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Staff stated that subsequent to the issuance of the Rule, and upon further communication with the named Defendant, the Staff has determined that a different operator was responsible for the alleged violation and that the named Defendant was not responsible.

On June 29, 2017, the report of Michael D. Thomas, Hearing Examiner ("Report"), was filed, finding that the Division's Motion should be granted and recommending that the Commission issue an order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Staff's Motion is hereby granted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2016-00327  
JUNE 29, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
TOUCH OF CLASS FENCING, INC.,  
Defendant

**ORDER**

On February 9, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Touch of Class Fencing, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about April 21, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 25 Charles Street, Hampton, Virginia while excavating.

With regard to the incident on or about April 21, 2016, the Rule alleged that the Defendant failed to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation or demolition, in violation of § 56-265.17 B (2) of the Code, and the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code. The Rule further alleged that in regard to the incident on or about April 21, 2016, the Defendant failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC-309-200 of the Damage Prevention Rules.

The Rule alleged that on or about August 9, 2016, the Defendant damaged a one-half-inch plastic service line operated by Virginia Natural Gas, Inc., located at or near 324 Green Street, Portsmouth, Virginia, while excavating.

With regard to the incident on or about August 9, 2016, the Rule alleged that the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

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Further, the Rule alleged that on or about September 1, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 728 Firehouse Lane, Portsmouth, Virginia, while excavating.

With regard to the incident on or about September 1, 2016, the Rule alleged that the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

On June 8, 2017, Staff filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Staff stated that, subsequent to the issuance of the Rule, the Staff determined that the Defendant's assets were liquidated, and the Defendant is no longer operating in Virginia.

On June 20, 2017, the report of Michael D. Thomas, Hearing Examiner ("Report") was filed, finding that the Division's Motion should be granted and recommending that the Commission issue an Order granting the Motion and dismissing the Rule.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Staff's Motion to Dismiss Rule to Show Cause is hereby granted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2016-00331  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

KEVIN ALDERSON, INDIVIDUALLY AND *t/a* K. A. MASONRY,  
Defendant

**FINAL ORDER**

On February 10, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Kevin Alderson, individually and *t/a* K. A. Masonry ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 514 Massachusetts Avenue, Norfolk, Virginia, while excavating. The Rule further alleged that the Defendant failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code.

At the hearing on April 26, 2017, counsel for the Division orally moved that the Rule be dismissed without prejudice due to an inability to execute service on the Defendant.

On May 30, 2017, the report of Hearing Examiner Howard P. Anderson ("Report") was filed recommending the Commission enter an Order Dismissing the Rule to Show Cause without prejudice from the Commission's docket of active proceedings.

NOW THE COMMISSION, upon consideration of the Hearing Examiner's Report, is of the opinion and finds that the recommendations of the Hearing Examiner's Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case is hereby dismissed.

**CASE NO. URS-2016-00355  
JULY 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
OSCAR R. GOMEZ, INDIVIDUALLY AND t/a CLARSONS MASONRY,  
Defendant

**FINAL ORDER**

On February 8, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Oscar R. Gomez, individually and t/a Clarsons Masonry ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

The Rule alleged that on or about May 27, 2016, the Defendant damaged a one-inch plastic gas service line operated by Washington Gas Light Company, located at or near 1910 Virginia Avenue, Fairfax County, Virginia, while excavating. Specifically, the Rule alleged that the Defendant: failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before April 5, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On April 26, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad L. Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for violating the Act.

On June 13, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant should be held in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500), pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of § 56-265.17 A of the Code.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00355 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00404**  
**JANUARY 17, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
 STATE CORPORATION COMMISSION

v.

COLUMBIA GAS OF VIRGINIA, INC.,  
 Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("Company" or "CGV"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.11 (b) - Failure of the Company on 20 occasions to equip pressure relief vents with loose fitting rain caps.
  - (b) 49 C.F.R. § 192.11 (b) - Failure of the Company on 29 occasions to have liquified petroleum gas tanks oriented so that each tank's longitudinal axis does not point toward another on the same property.
  - (c) 49 C.F.R. § 192.11 (b) - Failure of the Company on four occasions to ensure liquified petroleum gas tanks were properly painted or otherwise protected from the elements as required by the National Fire Protection Association ("NFPA") Code 59, Section 5.5.15.
  - (d) 49 C.F.R. § 192.11 (b) - Failure of the Company on two occasions to have relief devices constructed as required by NFPA Code 59, Section 6.8.1.2.
  - (e) 49 C.F.R. § 192.11 (b) - Failure of the Company on seven occasions to have a functional liquid level gauging device on above ground liquified petroleum gas tanks as required by NFPA Code 59, Section 7.4.
  - (f) 49 C.F.R. § 192.11 (b) - Failure of the Company to have adequate procedures covering liquified petroleum gas facility startup, operation, and shutdown as required by NFPA Code 59, Section 11.1.1.
  - (g) 49 C.F.R. § 192.11 (b) - Failure of the Company to have adequate emergency procedures for liquified petroleum gas facilities as required by NFPA Code 59, Section 13.1.3.
  - (h) 49 C.F.R. § 192.11 (b) - Failure of the Company to have adequate lighting at a liquified petroleum gas facility as required by NFPA Code 59, Section 13.8.6.
  - (i) 49 C.F.R. § 192.11 (b) - Failure of the Company to have an operable pressure gauge on a liquefied petroleum gas tank as required by NFPA Code 59, Section 7.2.11.
  - (j) 49 C.F.R. § 192.11 (b) - Failure of the Company to have at least two exit gates or doors for use in the event of an emergency at a liquefied petroleum gas facility as required by NFPA Code 59, Section 13.8.4.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

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- (k) 49 C.F.R. § 192.11 (b) - Failure of the Company to properly qualify personnel on emergency procedures and safe handling involving liquefied petroleum gases and to ensure annual retraining as required by NFPA Code 59, Section 4.1.
- (l) 49 C.F.R. § 192.11 (b) - Failure of the Company on two occasions to have proper separation between liquefied petroleum gas tanks as specified in NFPA Code 58.
- (m) 49 C.F.R. § 192.273 (b) - Failure of the Company to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gastight joints.
- (n) 49 C.F.R. § 192.273 (c) - Failure of the Company to inspect socket fusion to ensure compliance with Subpart F of 49 C.F.R. Part 192.
- (o) 49 C.F.R. § 192.317 (a) - Failure of the Company on five occasions to take steps to protect a pipeline from hazards that may cause the pipeline to move or to sustain abnormal loads.
- (p) 49 C.F.R. § 192.479 (a) - Failure of the Company on 23 occasions to adequately coat pipelines exposed to the atmosphere.
- (q) 49 C.F.R. § 192.605 - Failure of the Company to follow its Gas Standard, GS 1690.010, Section 7, by not obtaining a combustible gas indicator reading of zero percent gas when purging a pipe before taking it out of service.
- (r) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate procedures for monitoring and documenting product levels of liquefied petroleum gas tanks to ensure continued supply during periods of high demand.
- (s) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Gas Standard, GS 1702.010, by not observing visual evidence of atmospheric corrosion and inadequate conditions of protective coatings on exposed piping and pipeline supports.
- (t) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1690.010, Section 4.2.1., by not using a combustible gas indicator to ensure a pipeline was purged with a sustained reading of 95 percent gas or greater before it was placed in service.
- (u) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate procedure to require personnel performing non-emergency bar holes adjacent to liquefied petroleum gas pipelines to notify the notification center of the Company's intent to excavate.
- (v) 49 C.F.R. § 192.751 - Failure of the Company on two occasions to take steps to minimize the danger of accidental ignition of gas in an area where the presence of gas constitutes a hazard of fire or explosion by not grounding a squeeze-off tool while connecting a new service line.
- (w) 49 C.F.R. § 192.805 (a) - Failure of the company to have an adequate qualification and evaluation program to ensure that personnel tapping a pressurized plastic pipeline had the necessary knowledge and skill to perform the tap in a manner which ensured the safe operation of the pipeline.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall install one 30,000 gallon Liquefied Petroleum Gas ("LPG") tank and a vaporizer to serve the Eagle Cove subdivision in Chesterfield County, Virginia, and another 30,000 gallon LPG tank and a vaporizer to serve the South Wales subdivision in Jefferson County, Virginia, by no later than August 1, 2017.

(2) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Seventy-two Thousand Dollars (\$172,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(3) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein, nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(4) Although the civil penalty in this Order of Settlement is assessed to CGV, the probable violations can be attributed to both CGV and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with CGV. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above and the Division's support of the proposed settlement, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2016-00404.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc., is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of One Hundred Seventy-two Thousand Dollars (\$172,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (3), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein, nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (5) Columbia Gas of Virginia, Inc., shall credit any part of the civil penalty ordered herein that is recovered from the contractors to the accounts that the work performed was charged.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00406  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
GLOBAL SERVICES & SYSTEMS, INC.,  
Defendant

**FINAL ORDER**

On February 8, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Global Services & Systems, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and Chapter 309 (20 VAC 5-309-10 *et seq.*) of Title 20 of the Virginia Administrative Code ("Damage Prevention Rules").

The Rule alleged that on or about November 17, 2015, the Defendant damaged a six-inch steel gas main line operated by Washington Gas Light Company, located at or near the intersection of Richmond Highway and Belvoir Court, Fairfax County, Virginia, while excavating. Specifically, the Rule alleged that the Defendant: (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code; (ii) failed to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation 20 VAC 5-309-150 (4) of the Damage Prevention Rules; and (iii) failed to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 (6) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 15, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On April 5, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (i) the Defendant be found in default; (ii) the Defendant be enjoined from further violations of the Act; and (iii) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and the Damage Prevention Rules.

On May 5, 2017, the Hearing Examiner's report ("Report") was filed, finding that the Defendant should be held in default for failing to file a responsive pleading to the Rule and for failing to appear at the hearing. The Hearing Examiner further found by clear and convincing evidence that (i) the Defendant violated § 56-265.24 A of the Code; (ii) the Defendant violated 20 VAC 5-309-150 (4) of the Damage Prevention Rules; and (iii) the Defendant violated 20 VAC 5-309-150 (6) of the Damage Prevention Rules.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Seven Thousand Five Hundred Dollars (\$7,500), pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes and rules is of the opinion and finds that the findings and recommendations of the Report should be adopted.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Seven Thousand Five Hundred Dollars (\$7,500) shall be imposed on the Defendant for the violations described herein of § 56-265.24 A of the Code, and 20 VAC 5-309-150 (4) and 20 VAC 5-309-150 (6) of the Damage Prevention Rules, as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-000406 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00423  
SEPTEMBER 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
REAL LANDSCAPING CARE & PLUS INC.,  
Defendant

**FINAL ORDER**

On May 23, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Real Landscaping Care & Plus Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 23, 2016, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 3122 Northwood Road, Fairfax County, Virginia, while excavating. The Rule alleged that the Defendant failed to notify the notification center before beginning its excavation in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before July 19, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On August 2, 2017, the matter was heard by A. Anne Berkebile, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher Shawn Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On August 16, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant failed to notify the notification center before beginning its excavation in violation of § 56-265.17 A of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Two Thousand Five Hundred Dollars (\$2,500), pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) shall be imposed on the Defendant for the violation described herein of §§ 56-265.17 A of the Code.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00423 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case is hereby dismissed.

**CASE NO. URS-2016-00481  
OCTOBER 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

PRO-TECH UTILITIES, INC.,  
Defendant

**FINAL ORDER**

On June 14, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Pro-Tech Utilities Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about April 22, 2016, the Defendant damaged a six-inch steel gas main line operated by Washington Gas Light Company, located at or near the intersection of North Glebe Road and Williamsburg Boulevard, Arlington County, Virginia, while excavating. The Rule alleged that on the occasion above, the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 of the Code. The Rule further alleged that on this occasion the Defendant failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before August 9, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On August 30, 2017, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Christopher S. Rush, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On September 7, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant (i) failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 of the Code; and (ii) failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.

(2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of §§ 56-265.24 of the Code and 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

(3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00481 shall be referenced in any document transmitting payment of the penalty imposed herein.

(4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(5) The Defendant is hereby enjoined from any further violations of the Act.

(6) This case is hereby dismissed.

**CASE NO. URS-2016-00510  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ROBSON SILVA, INDIVIDUALLY AND t/a F & S HARDSCAPING,  
Defendant

**FINAL ORDER**

On February 9, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against F & S Hardscaping ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about July 11, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 611 Glenmeadow Road, Chesterfield County, Virginia, while excavating. The Rule alleged that the Defendant: (i) failed to notify the notification center before beginning excavation in violation of § 56-265.17 A of the Code; (ii) failed to exercise due care at all times to protect the underground utility line in violation of § 56-265.24 A of the Code; and (iii) failed on three instances to immediately notify the operator of the damage in violation of § 56-265.24 D of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before April 12, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On May 3, 2017, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad Lanier Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. At the hearing, counsel for the Division moved to amend the Rule by striking paragraph 3 regarding a violation of § 56-265.24 A of the Code, and indicating the Division did not wish to proceed with regard to that alleged violation. That motion was granted. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act.

On May 8, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant (i) failed to notify the notification center before beginning its excavation in violation of § 56-265.17 A of the Code of Virginia ("Code"); and (ii) failed to immediately notify three utilities that the Defendant also had damaged their utility facilities while excavating in violation of § 56-265.24 D of the Code. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, penalizes the Defendant the sum of Ten Thousand Dollars (\$10,000) pursuant to § 56-265.32 of the Code, and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant, and a civil penalty of Ten Thousand Dollars (\$10,000) shall be imposed on the Defendant for the violations described herein of §§ 56-265.17 A and 56-265.24 D of the Code as a result of the Defendant's failure to exercise reasonable care.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00510 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00524  
OCTOBER 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

STONEY CREEK DEVELOPMENT, LLC,  
Defendant

**FINAL ORDER**

On June 21, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Stoney Creek Development, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about June 24, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near the intersection of 107 North Bennington Road, Albemarle County, Virginia, while excavating. The Rule alleged that on the occasion above, the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code. The Rule further alleged that on this occasion, the Defendant failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules. The Rule also alleged that on this occasion, the Defendant failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before August 2, 2017. The Rule was properly served on the Defendant. The Defendant failed to file a responsive pleading to the Rule.

On August 16, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. The prefiled written testimony of Chad L. Mayhew, safety specialist for the Division, was marked as an exhibit and admitted into the record along with proof of service of the Rule on the Defendant. Counsel for the Division recommended that: (1) the Defendant be found in default; (2) the Defendant be enjoined from further violations of the Act; and (3) the Defendant be fined in the amount of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Act and Damage Prevention Rules.

On September 6, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant (i) failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code; and (ii) failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules. The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of Five Thousand Dollars (\$5,000) pursuant to § 56-265.32 of the Code; and permanently enjoins the Defendant from any action that constitutes a violation of the Act. The Hearing Examiner invited parties to file comments in response to the Report within 21 days of the date thereof. No comments to the Report were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars (\$5,000) shall be imposed on the Defendant for the violations described herein of §§ 56-265.24 A (1) of the Code and 20 VAC 5-309-140 (4) of the Damage Prevention Rules.
- (3) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Massoud Tahamtani, Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218. Case No. URS-2016-00524 shall be referenced in any document transmitting payment of the penalty imposed herein.
- (4) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.
- (5) The Defendant is hereby enjoined from any further violations of the Act.
- (6) This case is hereby dismissed.

**CASE NO. URS-2016-00534  
JUNE 22, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ATMOS ENERGY CORPORATION,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated January 25, 2017, the State Corporation Commission ("Commission") accepted the offer of settlement of Atmos Energy Corporation ("Atmos" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required Atmos to pay to the Commonwealth of Virginia a fine of Twenty-four Thousand Dollars (\$24,000), of which Six Thousand Dollars (\$6,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Eighteen Thousand Dollars (\$18,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon Atmos' compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide affidavits executed by the vice president of Atmos certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by Atmos on June 14, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Eighteen Thousand Dollars (\$18,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Eighteen Thousand Dollars (\$18,000) shall be vacated.
- (2) This case is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2016-00534  
JANUARY 25, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ATMOS ENERGY CORPORATION,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation and maintenance activities involving Atmos Energy Corporation ("Company" or "Atmos"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.353 (a) - Failure of the Company on four occasions to protect a service regulator on a farm tap from damage, including vehicular damage that may be anticipated.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Twenty-four Thousand Dollars (\$24,000), of which Six Thousand Dollars (\$6,000) shall be paid contemporaneously with the entry of this Order. The remaining Eighteen Thousand Dollars (\$18,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company has conducted a survey of all its farm tap installations and determined that of the 238 farm taps it owns in Virginia, 128 are no longer needed. The Company has proposed to take the unneeded farm taps out of service by March 31, 2018. Of the remaining 110 farm taps, 48 need protection from possible vehicular damage. The Company shall install such protection by no later than June 1, 2017.

(3) On or before June 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the vice president of Atmos, certifying that the Company completed the remedial actions to provide adequate protection for 48 farm taps as set forth in Undertaking Paragraph (2) above.

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Eighteen Thousand Dollars (\$18,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Eighteen Thousand Dollars (\$18,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraph (2). If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Eighteen Thousand Dollars (\$18,000), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(6) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, and the Division's support of the proposed settlement, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00534.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Atmos Energy Corporation be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Twenty-four Thousand Dollars (\$24,000), part of which may be suspended and subsequently vacated as provided for in Undertaking Paragraph (1) above.
- (4) The sum of Six Thousand Dollars (\$6,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Eighteen Thousand Dollars (\$18,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) Pursuant to Undertaking Paragraph (2), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

**CASE NO. URS-2016-00535  
JANUARY 31, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
ROANOKE GAS COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052,<sup>1</sup> the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation and maintenance activities involving Roanoke Gas Company ("Company" or "RGC"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.507 (a) - Failure of the Company to use a test procedure that would ensure discovery of all potentially hazardous leaks on a segment of steel pipeline that operates at a hoop stress of less than 30 percent of SMYS and at or above 100 p.s.i. gage.
  - (b) 49 C.F.R. § 192.605 (b) (3) - Failure of the Company to make accurate maps available to operating personnel.
  - (c) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate procedure for performing in-service welding operations by not requiring a manned fire extinguisher be provided during such welding operation.
  - (d) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate procedure for purging a pipeline.
  - (e) 49 C.F.R. § 192.751 - Failure of the Company to take steps to minimize the danger of accidental ignition of gas by not ensuring each potential source of ignition was removed from the area where a leak repair was being performed.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Seventeen Thousand Dollars (\$17,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

- (a) Identify all plastic gas service lines installed between 1995 and 1997 as a "risk" in the Company's Distribution Integrity Management Plan. By no later than March 1, 2017, develop "accelerated actions" to better protect these service lines from excavation damage, including informing the Company's locators when excavation notices involve one of these service lines.
- (b) By no later than June 1, 2017, evaluate and implement a plan to enhance the maps and records of older plastic systems not subject to the Company's renewal programs.
- (c) Have and follow by February 1, 2017, a procedure for establishing a "hot zone" during certain pipeline operation and maintenance activities. These procedures shall, among other measures, require the display of signs sufficient to warn the general public of the presence of gas and the potential danger.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(3) On or before June 15, 2017, the Company shall file with the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Roanoke Gas Company certifying that the Company completed the remedial actions noted in Undertaking Paragraph (2) above.

(4) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(5) Although the civil penalty in this Order of Settlement is assessed to Roanoke Gas Company, the probable violations can be attributed to both Roanoke Gas Company and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with Roanoke Gas Company. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(6) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order, and in reliance on the Defendant's representations and undertakings set forth above, and the Division's support of the proposed settlement, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2016-00535.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by RGC is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code, the Company shall pay the amount of Seventeen Thousand Dollars (\$17,000), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (2), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.

(5) The Company shall credit any part of the civil penalty ordered herein, that is recovered from the contractors, to the accounts that the work performed was charged.

(6) This case is hereby dismissed.

**CASE NO. URS-2016-00574  
AUGUST 25, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

RONALD D. CATRON, INDIVIDUALLY AND t/a CATRON CONSTRUCTION COMPANY,  
Defendant

**FINAL ORDER**

On July 28, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Ronald D. Catron, individually and t/a Catron Construction Company ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 17, 2016, the Defendant damaged a one-half-inch plastic gas service line operated by Atmos Energy Corporation, located at or near 675 Cassell Road, Wythe County, Virginia, while excavating.

With regard to the incident described above, the Rule also alleged that the Defendant failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code.

On August 7, 2017, Staff filed a Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Staff stated that subsequent to the issuance of the Rule, the Staff determined that the Defendant was excavating on his own property. Staff's Motion further indicated that the appropriate sanction in this matter is a warning letter, rather than the civil penalty identified in the Rule.

On August 15, 2017, the report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"), was filed, finding that the Division's Motion should be granted and recommending that the Commission issue a Final Order granting the Motion and dismissing the Rule.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Staff's Motion to Dismiss Rule to Show Cause is hereby granted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2016-00607  
MARCH 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 16, 2016, and September 28, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company") the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
  - (a) Failing on fourteen occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on eighteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on one occasion to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty-nine Thousand Five Hundred Dollars (\$39,500) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00607.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirty-nine Thousand Five Hundred Dollars (\$39,500) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00614  
MAY 19, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

CITY CONCRETE CORP.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about July 6, 2016, City Concrete Corp. ("Company") damaged a two-inch plastic gas service line operated by Washington Gas Light Company, located at or near 8484 Riverside Road, Fairfax County, Virginia, while excavating.

(2) On or about August 1, 2016, the Company damaged a two-inch plastic gas service line operated by Washington Gas Light Company, located at or near 8484 Riverside Road, Fairfax County, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Dollars (\$5,000) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2016-00614.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(3) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.

(4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00617  
FEBRUARY 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

S&N LOCATING SERVICES, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between April 20, 2016, and October 4, 2016, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

- (2) During the aforementioned period, the Company violated the Act by the following conduct:
- (a) Failing on three occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on eight occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on two occasions to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Seventeen Thousand One Hundred Dollars (\$17,100) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2016-00617.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Seventeen Thousand One Hundred Dollars (\$17,100) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

Note: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2016-00619  
APRIL 11, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards and has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("Company" or "WGL"), the Defendant, and alleges that:

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.457 (b) (3) - Failure of the Company on three occasions to cathodically protect a bare steel distribution pipeline installed before August 1, 1971, in accordance with Subpart I after discovering areas of active corrosion.
  - (b) 49 C.F.R. § 192.273 (b) - Failure of the Company on 10 occasions to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gastight joints.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company on three occasions to follow its Engineering and Operating Standards, Section 5262, by not having a welder identify his work with his initials.
  - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Engineering and Operating Standards, Section 4100, by not hand digging test holes to avoid damage to its pipelines.
  - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5200, by not maintaining a minimum of 12 inches separation from any other utilities, or other underground structures not associated with the gas facility.
  - (f) 49 C.F.R. § 192.273 (c) - Failure of the Company on two occasions to inspect each joint to ensure compliance with Subpart F of 49 C.F.R. Part 192.
  - (g) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 3220, by not checking utility service entry points to see if gas is entering a building near a leak indication.
  - (h) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5374, by not ensuring personnel excavating to expose an active leak wore an FR hood and goggles.
  - (i) 49 C.F.R. § 192.605 (b) (9) - Failure of the Company to have an adequate procedure to ensure personnel in excavation trenches are not subjected to a potentially hazardous atmosphere.
  - (j) 49 C.F.R. § 192.353 (a) - Failure of the Company to protect a meter from corrosion and other damage.
  - (k) 49 C.F.R. § 192.355 (b) (1) - Failure of the Company to protect multiple service regulator vents from rain and insects.
  - (l) 49 C.F.R. § 192.605 (a) - Failure of the Company on three occasions to follow its Engineering and Operating Standards, Section 5111, by having underground piping, downstream of the meter, that does not serve gas utilization equipment.
  - (m) 49 C.F.R. § 192.605 (b) (1) - Failure of the Company to have an adequate procedure for purging a pipeline.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Two Hundred Five Thousand Dollars (\$205,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall correct the procedural issues noted in Paragraph (2) above by no later than April 15, 2017.

(3) The Company shall equip all of its inspectors and those employees that perform joining of plastic pipes with appropriate tools to measure joint bead height and width made by the Company and its contractors by no later than April 15, 2017. These tools must be precise enough to accurately measure tolerances specified by the manufacturers of the pipes used by the Company.

(4) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(5) Although the civil penalty in this Order of Settlement is assessed to WGL, the probable violations can be attributed to both WGL and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with WGL. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein, that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(6) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order, and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2016-00619.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Washington Gas Light Company is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Two Hundred Five Thousand Dollars (\$205,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (4), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (5) Washington Gas Light Company shall credit any part of the civil penalty ordered herein, that is recovered from the contractors, to the accounts that the work performed was charged.
- (6) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia

**CASE NO. URS-2017-00002  
MAY 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
NUSTAR TERMINALS OPERATIONS PARTNERSHIP L.P.,  
Defendant

**ORDER NUNC PRO TUNC**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of hazardous liquid and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over hazardous liquid pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for hazardous liquid pipeline facilities used for intrastate transportation. In Case No. PUE-1994-00070,<sup>1</sup> the Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquids pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for liquid pipeline facilities under § 56-555 of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

On June 14, 2017, the Commission issued its Order of Settlement ("Order") in this proceeding that, among other things, docketed this matter and accepted the offer of compromise and settlement made by NuStar Terminals Operations Partnership L.P. ("Defendant").

Due to a clerical error, Allegation Paragraph (2) states: "The Company failed to have a weld performed by a person whose welds were tested and found acceptable under Section 9 or Appendix A of American Petroleum Institute Standard 1104 (21<sup>st</sup> Edition) in the preceding six calendar months, in violation of 49 C.F.R. § 195.222 (b)."

The applicable standard under 49 C.F.R. § 195.222 (b) is that no welder or welding operator may weld with a welding process unless, within the preceding six calendar months, the welder or welding operator has had one weld tested and found acceptable under Section 9 or Appendix A of American Petroleum Institute Standard 1104 (20<sup>th</sup> Edition).

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Allegation Paragraph (2) of the Commission's Order of Settlement should be corrected *nunc pro tunc* to reflect the correct statutory standard.

<sup>1</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act*, Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rept. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995).

Accordingly, IT IS ORDERED THAT:

(1) Allegation Paragraph (2) is hereby corrected *nunc pro tunc* to state the following: The Company failed to have a weld performed by a person whose welds were tested and found acceptable under Section 9 or Appendix A of American Petroleum Institute Standard 1104 (20<sup>th</sup> Edition) in the preceding six calendar months, in violation of 49 C.F.R. § 195.222 (b).

(2) In all other respects, the Commission's June 14, 2017 Order of Settlement remains unaltered and in full force and effect. This matter is hereby continued.

**CASE NO. URS-2017-00002  
JUNE 14, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

NUSTAR TERMINALS OPERATIONS PARTNERSHIP L.P.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of hazardous liquid and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over hazardous liquid pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for hazardous liquid pipeline facilities used for intrastate transportation. In Case No. PUE-1994-00070,<sup>1</sup> the Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquids pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards for liquid pipeline facilities under § 56-555 of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional hazardous liquid company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities within the Commonwealth of Virginia involving NuStar Terminals Operations Partnership L.P. ("Company"), the Defendant, and alleges that:

(1) The Company is a person within the meaning of § 56-555 of the Code.

(2) The Company failed to have a weld performed by a person whose welds were tested and found acceptable under Section 9 or Appendix A of American Petroleum Institute Standard 1104 (21st Edition) in the preceding six calendar months, in violation of 49 C.F.R. § 195.222 (b).

The Company neither admits nor denies this allegation but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Nine Thousand Dollars (\$9,000), of which Four Thousand Five Hundred Dollars (\$4,500) shall be paid contemporaneously with the entry of this Order. The remaining Four Thousand Five Hundred Dollars (\$4,500) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the action required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Commonwealth of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall revise its procedures to address the violation noted in Allegation Paragraph (2) above by no later than June 30, 2017.

(3) On or before July 14, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by an officer of Nustar Terminals Operations Partnership L.P., certifying that the Company completed the actions set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Four Thousand Five Hundred Dollars (\$4,500) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the action required by Undertaking Paragraph (2) above, a payment of Four Thousand Five Hundred Dollars (\$4,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Four Thousand Five Hundred Dollars (\$4,500), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

<sup>1</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act*, Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rept. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(5) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00002.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by NuStar Terminals Operations Partnership L.P. is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, the Company shall be fined the amount of Nine Thousand Dollars (\$9,000).
- (4) The sum of Four Thousand Five Hundred Dollars (\$4,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Four Thousand Five Hundred Dollars (\$4,500) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the actions required by Undertaking Paragraph (3) of this Order.
- (5) Pursuant to Undertaking Paragraph (5), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.
- (6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

**CASE NO. URS-2017-00002  
AUGUST 11, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
NUSTAR TERMINALS OPERATIONS PARTNERSHIP L.P.,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated June 14, 2017, the State Corporation Commission ("Commission") accepted the offer of settlement of NuStar Terminals Operations Partnership L.P. ("NuStar" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of the Company, whereby the Company consented to the form, substance, and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required NuStar to pay to the Commonwealth of Virginia a fine of Nine Thousand Dollars (\$9,000), of which Four Thousand Five Hundred Dollars (\$4,500) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Four Thousand Five Hundred Dollars (\$4,500) may be suspended and subsequently vacated, in whole or in part, by the Commission upon NuStar's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by NuStar on June 27, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Four Thousand Five Hundred Dollars (\$4,500) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Four Thousand Five Hundred Dollars (\$4,500) shall be vacated.
- (2) This case is hereby dismissed.

<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2017-00003  
MARCH 30, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("Company"), the Defendant; and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.181 (c) (2) - Failure of the Company to have a valve operating stem or mechanism readily accessible.
  - (b) 49 C.F.R. § 192.603 (b) - Failure of the Company to keep records necessary to administer calibration of its combustible gas indicators at intervals not exceeding 4 1/2 months, but at least four times each calendar year.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Gas Standard, GS 3020.010, by not ensuring a minimum of 12 inch radial separation was obtained between a service line and other underground utilities.
  - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1750.010, by not recognizing and taking appropriate action to correct a partially buried valve at a Farm Tap station.
  - (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 2730.020, by not assuring that a fabricated leak repair clamp and the installation procedures for the clamp are in compliance with the applicable Gas Index of Materials Standards.
  - (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to have adequate written procedures for bar holing by not prohibiting the use of electrical or arcing equipment during bar holing operations.
  - (g) 49 C.F.R. § 192.605 (b) (3) - Failure of the Company to provide accurate maps to appropriate operating personnel.
  - (h) 49 C.F.R. § 192.751 - Failure of the Company to take steps to minimize the danger of accidental ignition of gas in any area where the presence of gas constitutes a hazard of fire or explosion by not removing all electrically powered tools or equipment from an area where a hazardous amount of gas may be vented.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Ninety-two Thousand Dollars (\$92,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) The Company shall revise its procedures to address the violation noted in allegation (2) (f) above by no later than April 1, 2017.

(3) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(4) Although the civil penalty in this Order of Settlement is assessed to Columbia Gas of Virginia, Inc., the probable violations can be attributed to both Columbia Gas of Virginia, Inc. and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with Columbia Gas of Virginia, Inc. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalties ordered herein that are recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2017-00003.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc. is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Ninety-two Thousand Dollars (\$92,000), which shall be paid contemporaneously with the entry of this Order.

(4) Pursuant to Undertaking Paragraph (3), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does the settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff in such a proceeding.

(5) Columbia Gas of Virginia, Inc. shall credit any part of the civil penalty ordered herein that is recovered from the contractors to the accounts that the work performed was charged.

(6) This case is hereby dismissed.

**CASE NO. URS-2017-00005  
MAY 19, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
PETERS AND WHITE CONSTRUCTION COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about April 27, 2016, Peters and White Construction Company ("Company") damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 3104 Lens Avenue, Norfolk, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation or demolition, in violation of § 56-265.17 B (2) of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

(4) On or about July 28, 2016, the Company damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 99 Wyoming Avenue, Portsmouth, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to notify the notification center for the area that markings locating the underground utility lines became illegible, in violation of § 56-265.24 B of the Code.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(6) On or about August 17, 2016, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2950 Lens Avenue, Norfolk, Virginia, while excavating.

(7) On the occasion set out in paragraph (6) above, the Company failed to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation or demolition, in violation of § 56-265.17 B (2) of the Code.

(8) On or about October 15, 2016, the Company damaged a two-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near 2960 Verndun Avenue, Norfolk, Virginia, while excavating.

(9) On the occasion set out in paragraph (8) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.

(10) On the occasion set out in paragraph (8) above, the Company failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

(11) On or about October 25, 2016, the Company damaged a four-inch plastic gas main line operated by Virginia Natural Gas, Inc., located at or near the intersection of Kitchener Avenue and Verndun Avenue, Norfolk, Virginia, while excavating.

(12) On the occasion set out in paragraph (11) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.

(13) On the occasion set out in paragraph (11) above, the Company failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

(14) On or about October 26, 2016, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 2948 Lens Avenue, Norfolk, Virginia, while excavating.

(15) On the occasion set out in paragraph (14) above, the Company failed to confirm that all applicable operators had either marked their underground utility lines or reported that no lines were present in the vicinity of the excavation or demolition, in violation of § 56-265.17 B (2) of the Code.

(16) On the occasion set out in paragraph (14) above, the Company failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eleven Thousand Two Hundred Fifty Dollars (\$11,250) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2017-00005.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(3) The sum of Eleven Thousand Two Hundred Fifty Dollars (\$11,250) tendered contemporaneously with the entry of this Order is accepted.

(4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00020  
NOVEMBER 20, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
SABAS FLORES, INDIVIDUALLY AND *t/a* SABAS CONSTRUCTION  
Defendant

**FINAL ORDER**

On July 25, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Sabas Flores, individually and *t/a* Sabas Construction ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about November 3, 2016, the Defendant damaged a one inch plastic gas service line operated by Washington Gas Light Company, located at or near 6512 Old Dominion Drive, Fairfax County, Virginia, while excavating. The Rule alleged that the Defendant failed to notify the notification center before beginning its excavation in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 6, 2017. The Defendant failed to file a responsive pleading to the Rule.

On September 27, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison, IV, Attorney, appeared at the hearing as counsel for the Division. Counsel for the Division moved for dismissal of the case ("Motion"). In support of its Motion, counsel stated that the Division had not been able to locate the Defendant and had no leads as to the Defendant's current whereabouts.

On October 23, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that the Division's Motion should be granted and that the Rule should be dismissed without prejudice.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case is hereby dismissed without prejudice.

**CASE NO. URS-2017-00033  
OCTOBER 6, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
JOEL SANTIAGO,  
Defendant

**FINAL ORDER**

On June 6, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Joel Santiago ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about September 20, 2016, the Defendant damaged a one-inch plastic gas service line operated by the City of Richmond, located at or near 4707 Monument Avenue, Richmond, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of § 56-265.17 A of the Code.

On September 13, 2017, the matter was heard by Alexander F. Skirpan, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. At the hearing, counsel for the Division moved to dismiss this matter. In support of its motion, the Division stated that the Defendant was not engaged in a commercial venture and moved for this matter to be dismissed.

On September 14, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that good cause having been shown, the Division's Motion to Dismiss should be granted.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) The Staff's Motion to Dismiss Rule to Show Cause is hereby granted.
- (3) This case is hereby dismissed.

**CASE NO. URS-2017-00087  
NOVEMBER 20, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
SABAS FLORES, INDIVIDUALLY AND *t/a* FLORES CONCRETE  
Defendant

**FINAL ORDER**

On July 25, 2017, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Sabas Flores, individually and *t/a* Flores Concrete ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about October 18, 2016, the Defendant damaged a one-half inch copper gas service line operated by Washington Gas Light Company, located at or near 6465 Linway Terrace, Fairfax County, Virginia, while excavating. The Rule alleged that the Defendant failed to notify the notification center before beginning its excavation in violation of § 56-265.17 A of the Code.

The Rule directed the Defendant to file a pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 6, 2017. The Defendant failed to file a responsive pleading to the Rule.

On September 27, 2017, the matter was heard by Howard P. Anderson, Jr., Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison, IV, Attorney, appeared at the hearing as counsel for the Division. Counsel for the Division moved for dismissal of the case ("Motion"). In support of its Motion, counsel stated that the Division had not been able to locate the Defendant and had no leads as to the Defendant's current whereabouts.

On October 23, 2017, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that the Division's Motion should be granted and that the Rule should be dismissed without prejudice.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report are hereby adopted.
- (2) This case is hereby dismissed without prejudice.

**CASE NO. URS-2017-00091  
MAY 1, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 27, 2016, and December 11, 2016, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (2) During the aforementioned period, the Company violated the Act by the following conduct:
- (a) Failing on fourteen occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on fifteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on one occasion to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center, in violation of § 56-265.19 H of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty-four Thousand Seven Hundred Dollars (\$34,700) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00091.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirty-four Thousand Seven Hundred Dollars (\$34,700) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00092  
APRIL 5, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
S&N LOCATING SERVICES, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between August 25, 2016, and November 4, 2016, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
  - (a) Failing on three occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on seven occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on one occasion to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Fifteen Thousand One Hundred Dollars (\$15,100) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00092.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Fifteen Thousand One Hundred Dollars (\$15,100) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and a copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia

**CASE NO. URS-2017-00104  
SEPTEMBER 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
GARCIA CABLE, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about November 7, 2016, Garcia Cable, Inc. ("Company"), damaged a telecommunications fiber line and a telecommunications copper line operated by Verizon Virginia LLC, located at or near 1300 North Glebe Road, Arlington County, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed in two instances to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed in two instances to expose all utility lines which were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of 20 VAC 5-309-150 (6) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").
- (4) On the occasion set out in paragraph (1) above, the Company failed in two instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Damage Prevention Rules.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Dollars (\$5,000), to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) The Company will undertake a training session for its employees on the subject of underground utility damage prevention conducted by the Division and submit documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00104.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00108  
MAY 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
SOLUTIONS FIBER OPTIC INC.,  
Defendant

**ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about September 9, 2016, Solutions Fiber Optic Inc. ("Company") excavated at or near 39 Fort Williams Parkway, Alexandria, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed in ten instances to take all reasonable steps necessary to properly protect, support, and backfill the underground utility lines, in violation of § 56-265.24 A of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed in ten instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of 20 VAC 5-309-150 (8) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of Seven Thousand Five Hundred Dollars (\$7,500).
- (2) That Two Thousand Five Hundred Dollars (\$2,500) of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.
- (3) That the Five Thousand Dollar (\$5,000) balance of said penalty will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00108.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The Company is hereby penalized in the amount of Seven Thousand Five Hundred Dollars (\$7,500).

- (4) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (5) The remainder of the penalty amount, Two Thousand Five Hundred Dollars (\$2,500), shall be vacated.
- (6) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00118  
APRIL 13, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.

ATMOS ENERGY CORPORATION,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about December 8, 2016, Richard Cole Excavating damaged a three-quarter-inch plastic gas service line operated by Atmos Energy Corporation ("Company") located at or near 323 Staley Street, Smyth County, Virginia, while excavating.
- (2) On or about December 23, 2016, the Town of Blacksburg damaged a one-half-inch plastic gas service line operated by the Company, located at or near 1313 Palmer Drive, Montgomery County, Virginia, while excavating.
- (3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Dollars (\$5,000) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00118.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia



**CASE NO. URS-2017-00171  
JUNE 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred within the Commonwealth of Virginia between September 2, 2016, and January 25, 2017, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
  - (a) Failing on seven occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on six occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirteen Thousand Four Hundred Dollars (\$13,400) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00171.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirteen Thousand Four Hundred Dollars (\$13,400) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: Copies of the Admission and Consent form and Attachment A are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00233  
JULY 26, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 25, 2017, and April 4, 2017, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on three occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on four occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
- (c) Failing on one occasion to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Seven Thousand Eight Hundred Dollars (\$7,800) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Commonwealth of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00233.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Seven Thousand Eight Hundred Dollars (\$7,800) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A entitled "URS Report" and a copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00237  
JULY 26, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
S&N LOCATING SERVICES, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between December 23, 2016, and March 27, 2017, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on one occasion to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on three occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Two Hundred Fifty Dollars (\$5,250) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00237.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Five Thousand Two Hundred Fifty Dollars (\$5,250) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A entitled "URS Report" and a Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00240  
JULY 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.353 (a) - Failure of the Company to protect multiple meters and service regulators installed outside a building from vehicular damage that may be anticipated.
  - (b) 49 C.F.R. § 192.605 (a) - Failure of the Company on two occasions to follow its Engineering and Operating Standards, Section 3220, by not recording on work orders, test readings, and areas where gas concentration test were made.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5200, by not maintaining a minimum of 12 inches of separation from an underground electrical cable.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

- (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5382, by not attaching a grounding or bonding cable to a tool used to tap a pressurized plastic pipeline.
- (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5374, by not ensuring that an employee, in an excavation around an exposed and gassed pipeline, was wearing flame resistant coveralls.
- (f) 49 C.F.R. § 192.631 (e) (4) - Failure of the Company to review its control room alarm management plan at least once each calendar year, not to exceed 15 months, to determine the effectiveness of the plan.
- (g) 49 C.F.R. § 199.117 (a) (3) - Failure of the Company on 10 occasions to retain a record of pre-employment drug screening for personnel performing a covered function as required by 49 C.F.R. § 199.105.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Seventy-eight Thousand Dollars (\$78,000), of which Sixty-eight Thousand Dollars (\$68,000) shall be paid contemporaneously with the entry of this Order. The remaining Ten Thousand Dollars (\$10,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) By no later than September 1, 2017, the Company shall implement measures to improve the Company's recording of locations checked for migration of gas associated with leak investigations, and any associated gas concentration readings. These measures shall include, among other things, the review and revision of the Company's current Engineering and Operating Standards, training the appropriate employees on the new procedures, and any improvements needed to adequately record and retain leak investigation activities.

(3) On or before September 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Senior Vice-President of Washington Gas Light Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Ten Thousand Dollars (\$10,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Ten Thousand Dollars (\$10,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Ten Thousand Dollars (\$10,000), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00240.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Washington Gas Light Company is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Washington Gas Light Company shall be fined the amount of Seventy-eight Thousand Dollars (\$78,000).
- (4) The sum of Sixty-eight Thousand Dollars (\$68,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Ten Thousand Dollars (\$10,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.

(5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00240  
OCTOBER 2, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
WASHINGTON GAS LIGHT COMPANY,  
Defendant

**FINAL ORDER**

By entry of the Order of Settlement dated July 18, 2017, the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company") for alleged violations of the minimum gas pipeline safety standards,<sup>1</sup> which the Commission is authorized to enforce under § 56-257.2 of the Code of Virginia. The Commission retained jurisdiction of this case.

Contemporaneously entered with the Order of Settlement ("Settlement Order") was the Company's executed Admission and Consent document, signed by a representative of WGL, whereby the Company consented to the form, substance, and entry of the Settlement Order.

Undertaking Paragraph (1) of the Settlement Order required WGL to pay to the Commonwealth of Virginia a fine of Seventy-eight Thousand Dollars (\$78,000), of which Sixty-eight Thousand Dollars (\$68,000) was paid contemporaneously with the entry of the Settlement Order, and provided that the remaining Ten Thousand Dollars (\$10,000) may be suspended and subsequently vacated, in whole or in part, by the Commission upon WGL's compliance with the provisions of the Settlement Order.

Undertaking Paragraph (2) of the Settlement Order required that the Company complete various remedial actions. The Settlement Order also directed the Company to provide an affidavit certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Settlement Order. The Company has fully complied with the terms and undertakings as outlined in the Settlement Order, and an affidavit documenting that the specified remedial actions have been completed was filed by WGL on September 14, 2017.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the remaining amount of Ten Thousand Dollars (\$10,000) of the penalty should be vacated, and this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty amount of Ten Thousand Dollars (\$10,000) shall be vacated.
- (2) This case is hereby dismissed.

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<sup>1</sup> See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2017-00241  
JULY 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
ROANOKE GAS COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate, to an appropriate state agency, the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

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<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.285 (a) - Failure of the Company to qualify a person who made a plastic pipe joint under the applicable joining procedures.
  - (b) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Chapter 2, Section XII B. 3. (a), by not installing a service line with 18 inches of cover.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Eleven Thousand Dollars (\$11,000), of which Five Thousand Five Hundred Dollars (\$5,500) shall be paid contemporaneously with the entry of this Order. The remaining Five Thousand Five Hundred Dollars (\$5,500) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) On or before September 1, 2017, the Company shall begin to locate its difficult to locate service lines using high accuracy GPS locating devices and update its GIS mapping system to accurately reflect the location of these service lines.

(3) On or before September 15, 2017, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Roanoke Gas Company, certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Five Thousand Five Hundred Dollars (\$5,500) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the actions required by Undertaking Paragraph (2) above, a payment of Five Thousand Five Hundred Dollars (\$5,500) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Five Thousand Five Hundred Dollars (\$5,500), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00241.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Roanoke Gas Company is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Roanoke Gas Company shall be assessed a penalty in the amount of Eleven Thousand Dollars (\$11,000).
- (4) The sum of Five Thousand Five Hundred Dollars (\$5,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Five Thousand Five Hundred Dollars (\$5,500) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00242  
AUGUST 21, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
COLUMBIA GAS OF VIRGINIA, INC.,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards. The Division has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1420.040, by not applying an external coating per the manufacturer's procedures.
  - (b) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 4100.010, by not testing an excavation for a hazardous atmosphere prior to first time entry, and as often as necessary to ensure the atmosphere remains safe.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard, GS 1500.010, by not accurately documenting a pressure test result.
  - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Public Awareness Plan, developed to comply with 49 C.F.R. § 192.616, by not producing and distributing outreach materials to educate the public, appropriate government organizations, and persons engaged in excavation related activities of the possible hazards associated with unintended releases from the Company's propane distribution system.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

- (1) The Company shall be assessed a penalty in the amount of Sixty-two Thousand Dollars (\$62,000), of which Forty-five Thousand Six Hundred Dollars (\$45,600) shall be paid contemporaneously with the entry of this Order. The remaining Sixteen Thousand Four Hundred Dollars (\$16,400) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2). The initial payment and any subsequent payments shall be made by check directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.
- (2) On or before August 1, 2017, the Company shall prepare and follow a procedure for inspecting coating applied to its pipelines in the field. The procedure shall include documentation of the coating inspection by recording certain critical information on a form, and also on the coating surface of the pipe.
- (3) The Company has completed the remedial action set forth in Undertaking Paragraph (2) and has submitted to the Division the inspection procedures, the inspection form, and the type of information the Company will record on coating surfaces.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Company's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00242.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc., is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, Columbia Gas of Virginia, Inc. shall be assessed a penalty in the amount of Sixty-two Thousand Dollars (\$62,000).
- (4) The sum of Forty-five Thousand Six Hundred Dollars (\$45,600) tendered contemporaneously with the entry of this Order is accepted. The remaining Sixteen Thousand Four Hundred Dollars (\$16,400) is hereby suspended and vacated.
- (5) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00272  
AUGUST 4, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
ROSS & SONS UTILITY CONTRACTOR, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about May 14, 2017, Ross & Sons Utility Contractor, Inc. ("Company"), damaged a cable service line located at or near 74 Anchorage Drive, Newport News, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed to take all reasonable steps necessary to properly protect, support, and backfill the underground utility line, in violation of § 56-265.24 A of the Code.
- (4) On the occasion set out in paragraph (1) above, the Company failed, in two instances, to expose the underground utility lines to their extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.
- (5) On the occasion set out in paragraph (1) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.
- (6) On the occasion set out in paragraph (1) above, the Company utilized mechanized equipment within two feet of the extremities of all exposed utility lines, in violation of 20 VAC 5-309-140 (3) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Fifty Dollars (\$6,050) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.



NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00272.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Six Thousand Fifty Dollars (\$6,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00302  
AUGUST 28, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 9, 2017, and May 30, 2017, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
  - (a) Failing on one occasion to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on 22 occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on two occasions to report the marking status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.
  - (d) Failing on one occasion to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty-three Thousand One Hundred Fifty Dollars (\$33,150) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00302.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Thirty-three Thousand One Hundred Fifty Dollars (\$33,150) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00330  
OCTOBER 17, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
BARRY AND SONS PLUMBING, LLC,  
Defendant

**ORDER ACCEPTING OFFER OF SETTLEMENT AND DISMISSING PROCEEDING**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about April 3, 2017, Barry and Sons Plumbing, LLC ("Company") damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 8245 Edwin Drive, Norfolk, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed to immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.
- (4) On the occasion set out in paragraph (1) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.
- (5) On the occasion set out in paragraph (1) above, the Company utilized mechanized equipment within two feet of the extremities of all exposed utility lines, in violation of 20 VAC 5-309-140 (3) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").
- (6) On the occasion set out in paragraph (1) above, the Company failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

- (1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Three Hundred Fifty Dollars (\$5,350).
- (2) That One Thousand Six Hundred Fifty Dollars (\$1,650) of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.
- (3) That the Three Thousand Seven Hundred Dollar (\$3,700) balance of said penalty will be paid contemporaneously with the entry of this Order by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00330.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The Company is hereby penalized in the amount of Five Thousand Three Hundred Fifty Dollars (\$5,350).
- (4) The sum of Three Thousand Seven Hundred Dollars (\$3,700) tendered contemporaneously with the entry of this Order is accepted.
- (5) The remainder of the penalty amount, One Thousand Six Hundred Fifty Dollars (\$1,650), shall be vacated.
- (6) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00339  
DECEMBER 27, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
UTILIQUEST, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between August 30, 2016, and June 21, 2017, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

- (1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.
- (2) During the aforementioned period, the Company violated the Act by the following conduct:
  - (a) Failing on five occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
  - (b) Failing on 25 occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
  - (c) Failing on one occasion to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Thirty Nine Thousand Six Hundred Fifty Dollars (\$39,650) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00339.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

- (3) The sum of Thirty Nine Thousand Six Hundred Fifty Dollars (\$39,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form and Attachment A is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00343  
SEPTEMBER 7, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
S&N LOCATING SERVICES, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 19, 2017, and May 17, 2017, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on one occasion to mark the approximate horizontal location of the underground utility line on the ground to within two feet of either side of the underground utility line, in violation of § 56-265.19 A of the Code.
- (b) Failing on seven occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eleven Thousand Four Hundred Dollars (\$11,400) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00343.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Eleven Thousand Four Hundred Dollars (\$11,400) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00403  
DECEMBER 18, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
S&N LOCATING SERVICES, LLC,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 10, 2017, and June 29, 2017, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on three occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on two occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Fifty Dollars (\$6,050) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2017-00403.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Six Thousand Fifty Dollars (\$6,050) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00417  
DECEMBER 28, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION

v.  
ROANOKE GAS COMPANY,  
Defendant

**ORDER OF SETTLEMENT**

The federal pipeline safety statutes found in 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.<sup>1</sup> The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company" or "RGC"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
  - (a) 49 C.F.R. § 192.161 (c) - Failure of the Company to support an exposed pipeline with supports made of durable and non-combustible material.
  - (b) 49 C.F.R. § 192.311 - Failure of the Company to repair damage that would impair the serviceability of a plastic pipe.
  - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 21500, by exceeding the allowable bend radius of the pipe.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall be assessed a civil penalty in the amount of Twenty-four Thousand Dollars (\$24,000), of which Seven Thousand Dollars (\$7,000) shall be paid contemporaneously with the entry of this Order. The remaining Seventeen Thousand Dollars (\$17,000) shall be due as outlined in Undertaking Paragraph (4) herein and may be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and any subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197.

(2) By no later than March 1, 2018, the Company shall complete a three-dimensional exhibit to help educate children who visit the new Center in the Square Children's Museum in downtown Roanoke about underground utility lines, the importance of calling 811 before any excavation, and digging with C.A.R.E.

(3) On or before March 15, 2018, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Roanoke Gas Company, certifying that the Company completed the remedial action set forth in Undertaking Paragraph (2).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Seventeen Thousand Dollars (\$17,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavit required by Undertaking Paragraph (3) above, or fail to take the action required by Undertaking Paragraph (2) above, payment of Seventeen Thousand Dollars (\$17,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Seventeen Thousand Dollars (\$17,000), a reduction in the amount due may be recommended to the Commission. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(5) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(6) Although the civil penalty in this Order of Settlement is assessed to RGC, the probable violations can be attributed to both RGC and its contractors. However, RGC is ultimately responsible for compliance with the Pipeline Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein, that is recovered from contractors, shall be credited to the accounts that were charged with the cost of the work performed.

(7) Any amounts paid in accordance with Undertaking Paragraph (1) of this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the Defendant's representations and undertakings set forth above, is of the opinion and finds that the offer of compromise and settlement set forth above should be accepted.

<sup>1</sup> *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. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00417.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by RGC is hereby accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, RGC shall be assessed a penalty in the amount of Twenty-four Thousand Dollars (\$24,000).
- (4) The sum of Seven Thousand Dollars (\$7,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Seventeen Thousand Dollars (\$17,000) shall be due as outlined herein and may be suspended and subsequently vacated, in whole or in part, provided the Company timely undertakes the actions required in Undertaking Paragraph (2) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) of this Order.
- (5) Roanoke Gas Company shall credit any part of the civil penalty ordered herein, that is recovered from the contractors, to the accounts that the work performed was charged.
- (6) The Commission shall retain jurisdiction over this matter for all purposes, and this case shall be continued pending further order of the Commission.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. URS-2017-00447  
NOVEMBER 9, 2017**

COMMONWEALTH OF VIRGINIA, *ex rel.*  
STATE CORPORATION COMMISSION  
v.  
MEPCO MATERIALS, INC.,  
Defendant

**ORDER OF SETTLEMENT**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about June 29, 2017, MEPCO Materials, Inc. ("Company"), damaged an eight-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 5000 Plank Road, Spotsylvania County, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed to wait forty-eight hours, beginning 7 a.m. the next working day following notice to the notification center before excavating, in violation of § 56-265.17 B (1) of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code.
- (4) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of One Thousand Five Hundred Fifty Dollars (\$1,550) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case is hereby docketed and assigned Case No. URS-2017-00447.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

(3) The sum of One Thousand Five Hundred Fifty Dollars (\$1,550) tendered contemporaneously with the entry of this Order is accepted.

(4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia State Corporation Commission.



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

## TABLES

## CLERK'S OFFICE

Summary of the changes in the number of Virginia and foreign corporations and other types of business entities licensed to do business in Virginia, and of amendments and other filings related to the organizational documents of Virginia and foreign business entities during 2016 and 2017.

<b>CORPORATIONS</b>		
	<u>12/31/16</u>	<u>12/31/17</u>
<u>Virginia Corporations</u>		
Certificates of Incorporation issued.....	13,299	12,807
Voluntary terminations .....	3,039	3,049
Involuntary terminations .....	1	1
Automatic terminations (Assessment/AR/RA Resignation) .....	14,380	13,709
Reinstatements of corporate existence.....	7,059	6,652
Charters amended .....	1,930	1,725
 On Record		
Active Stock Corporations .....	123,134	121,356
Active Non-Stock Corporations.....	44,922	46,026
Total Active Virginia Corporations.....	168,056	167,382
 <u>Foreign Corporations</u>		
Certificates of Authority to do business in Virginia Issued .....	3,022	3,069
Voluntary withdrawals from Virginia .....	1,061	983
Automatic Revocations (Assessment/AR/RA Resignation) .....	2,156	2,025
Reinstatement of surrendered or revoked Certificates .....	1,435	1,288
Charters Amended .....	716	755
 On Record		
Active Stock Corporations .....	36,814	37,174
Active Non-Stock Corporations.....	2,794	2,855
Total Active Foreign Corporations.....	39,608	40,029
Total Active Corporations (Virginia and Foreign).....	207,664	207,411
 <b>LIMITED LIABILITY COMPANIES</b>		
<u>Virginia Limited Liability Companies</u>		
Certificates of Organization issued .....	60,539	67,333
Voluntary cancellations.....	7,956	8,265
Automatic cancellations (Assessment/RA Resignation) .....	34,964	38,542
Reinstatements of existence.....	7,309	8,027
Articles of Organization amended.....	2,563	2,692
 On Record		
Active Virginia Limited Liability Companies.....	308,349	333,137
 <u>Foreign Limited Liability Companies</u>		
Certificates of Registration issued.....	4,285	4,499
Voluntary cancellations.....	1,139	1,123
Automatic cancellations (Assessment/RA Resignation) .....	1,569	1,650
Reinstatement of registration.....	461	525
Certificates of Registration amended.....	0	0
 On Record		
Active Foreign Limited Liability Companies.....	27,493	29,386
Total Active Limited Liability Companies (Virginia and Foreign).....	335,842	362,523

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**BUSINESS TRUSTS**

<u>Virginia Business Trusts</u>	<u>12/31/16</u>	<u>12/31/17</u>
Certificates of Trust issued.....	22	42
Voluntary cancellations.....	6	1
Automatic cancellations (Assessment/RA Resignation).....	43	27
Reinstatements of existence.....	7	14
Articles of Trust amended.....	4	2
On Record		
Active Virginia Business Trusts.....	205	234
<u>Foreign Business Trusts</u>		
Certificates of Registration issued.....	11	10
Voluntary cancellations.....	3	1
Automatic cancellations (Assessment/RA Resignation).....	15	1
Reinstatement of canceled certificates.....	0	9
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Business Trusts.....	69	85
Total Active Business Trusts (Virginia and Foreign).....	274	319

**LIMITED PARTNERSHIPS**

<u>Virginia Limited Partnerships</u>		
Certificates of Limited Partnership filed.....	113	120
Voluntary cancellations.....	94	118
Automatic cancellations (Assessment/RA Resignation).....	212	188
Reinstatements of existence.....	48	76
Certificates of Limited Partnership amended.....	214	259
On Record		
Active Virginia Limited Partnerships.....	4,706	4,579
<u>Foreign Limited Partnerships</u>		
Certificates of Registration issued.....	100	80
Voluntary cancellations.....	58	60
Automatic cancellations (Assessment/RA Resignation).....	52	47
Reinstatement of canceled certificates.....	21	18
Certificates of Registration amended.....	0	0
On Record		
Active Foreign Limited Partnerships.....	1,582	1,562
Total Active Limited Partnerships (Virginia and Foreign).....	6,288	6,141

**GENERAL PARTNERSHIPS**

General Partnership Statements filed.....	102	98
On Record		
Active Virginia General Partnerships.....	642	618
Active Foreign General Partnerships.....	90	84
Total Active General Partnerships (Virginia and Foreign).....	732	702

**REGISTERED LIMITED LIABILITY PARTNERSHIPS**

Statement of Registration as a Virginia Registered Limited Liability Partnership filed.....	52	64
Statement of Registration as a Foreign Registered Limited Liability Partnerships filed.....	29	32
Total Active Registered Limited Liability Partnerships (Virginia and Foreign).....	1,317	1,318

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE  
FOR THE FISCAL YEAR ENDING JUNE 30, 2016, AND JUNE 30, 2017**

<u>General Fund</u>	<u>2016</u>	<u>2017</u>	<u>(Difference)</u>
Charter Fees	\$1,418,255.00	\$1,435,300.00	\$17,045.00
Entrance Fees	1,391,734.50	1,360,875.00	(30,859.50)
Filing Fees	642,825.00	605,760.00	(37,065.00)
Registered Name	1,440.00	1,800.00	360.00
Registered Office and Agent	0.00	0.00	0.00
Service of Process	45,660.00	49,270.00	3,610.00
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	0.00	0.00	0.00
Uniform Commercial Code Revenues	1,657,820.00	1,750,160.00	92,340.00
Excess Fees Transferred to Unclaimed Property	312,080.11	308,387.97	(3,692.14)
Miscellaneous Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>\$5,469,814.61</b>	<b>\$5,511,552.97</b>	<b>\$41,738.36</b>
<u>Special Fund</u>			
Domestic-Foreign Corp. Registration Fee	\$31,495,264.07	\$31,887,637.78	\$392,373.71
Limited Partnership Registration Fee	321,220.00	317,785.00	(3,435.00)
Reserved Name - Limited Partnership	11,150.00	12,200.00	1,050.00
Certificate Limited Partnership	17,125.00	10,800.00	(6,325.00)
Application Reg. Foreign LP	11,385.00	9,200.00	(2,185.00)
Reinstatement LP	10,100.00	12,250.00	2,150.00
Registration Fee LLC	13,773,317.50	14,828,189.21	1,054,871.71
Application For. Reg. LLC	423,375.00	431,400.00	8,025.00
Art of Org. Dom. LLC	5,834,275.00	6,336,175.00	501,900.00
AMEND, CANC, CORR. RAC, Etc. LLC	339,570.00	381,430.00	41,860.00
SCC Bad Check Fee	19,864.00	18,636.00	(1,228.00)
Interest on Del. Tax	0.00	25.00	25.00
Penalty on Non-Pay Fees by Due Date	1,676,705.95	1,817,736.55	141,030.60
Statement of Reg. As Domestic LLP	5,000.00	4,300.00	(700.00)
LLP Annual Continuation	66,050.00	66,520.00	470.00
Statement of Partnership Authority GP Dom	2,150.00	2,600.00	450.00
Statement of Partnership Authority GP For	250.00	175.00	(75.00)
Statement of Amendments - GP	1,425.00	1,325.00	(100.00)
Statement of Reg. As Foreign LLP	2,500.00	2,300.00	(200.00)
Statement of Amendment LLP	275.00	300.00	25.00
Reinstatement LLC, BT	706,275.00	844,250.00	137,975.00
Tape Sales, Misc Fees	25,276.00	900.00	(24,376.00)
Copies, Recording Fees	425,576.30	430,666.30	5,090.00
Recovery of Prior Yr Expenses	0.00	1,902.43	1,902.43
LLP Reinstatement	0.00	100.00	100.00
Expedite Fee Collected	<u>1,305,135.50</u>	<u>1,256,680.00</u>	<u>(48,455.50)</u>
<b>TOTAL</b>	<b>\$56,473,264.32</b>	<b>\$58,675,483.27</b>	<b>\$2,202,218.95</b>
<u>Valuation Fund</u>			
Corp Operations Rec. of Copy and Cert. Fees	\$927.50	\$223.40	(\$704.10)
Recovery of Prior Year Expenses	<u>65,576.31</u>	<u>0.00</u>	<u>(65,576.31)</u>
<b>TOTAL</b>	<b>\$66,503.81</b>	<b>\$223.40</b>	<b>(\$66,280.41)</b>
<u>Trust &amp; Agency Fund</u>			
Fines imposed and collected by SCC:	\$1,081,000.00	\$1,106,500.00	\$25,500.00
Debt Set Off Collections:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>	<b>\$1,081,000.00</b>	<b>\$65,293,759.64</b>	<b>\$25,500.00</b>
 <b>GRAND TOTAL</b>	 <b>\$63,090,582.74</b>	 <b>\$65,293,769.64</b>	 <b>\$2,203,176.90</b>

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS  
FOR FISCAL YEARS ENDING JUNE 30, 2016, AND JUNE 30, 2017**

	<u>2016</u>	<u>2017</u>
Banks	\$8,831,028.00	\$4,531,052.00 (1)
Savings Institutions and Savings Banks	8,910.00	4,387.00 (1)
Consumer Finance Licensees	310,323.00	367,148.00
Credit Unions	822,227.00 (2)	1,766,631.00
Trust Subsidiaries and Trust Companies	29,288.00	26,029.00
Industrial Loan Associations	1,200.00	2,400.00
Money Order Sellers and Transmitters	630,039.00	725,673.00
Credit Counseling Agency Licensees	53,468.00	52,824.00
Mortgage Lenders and Mortgage Brokers	839,732.00 (3)	1,673,984.00
Mortgage Loan Originators	2,074,420.00	2,204,410.00
Check Cashers	86,700.00	101,300.00
Payday Lenders	278,916.00	260,860.00
Motor Vehicle Title Lenders	682,696.00	690,738.00
Miscellaneous Collections	74,066.00	54,298.00
<b>TOTAL</b>	<b>\$14,723,013.00</b>	<b>\$12,461,734.00</b>

## Notes:

- (1) The bank and savings institutions assessments were reduced 50% in Fiscal Year 2017.  
(2) The credit union assessment was reduced 50% in Fiscal Year 2016.  
(3) The mortgage lender and mortgage broker assessment was reduced 50% in Fiscal Year 2016.

**CONSUMER SERVICES**

The Bureau received and acted upon 352 formal written complaints during 2017 and recovered \$291,581 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE  
FOR THE FISCAL YEARS ENDING JUNE 30, 2016, AND JUNE 30, 2017**

<u>General Fund</u>	<u>2016</u>	<u>2017</u>	<u>Increase or (Decrease)</u>
Gross Premium Taxes of Insurance Companies	\$0.00	\$448.75	\$448.75
Fraternal Benefit Societies Licenses	460.00	980.00	520.00
Interest on Delinquent Taxes	0.00	0.00	0.00
Penalty on non-payment of taxes by due date	0.00	0.00	0.00
 <u>Special Fund</u>			
Company License Application Fee	\$16,500.00	\$13,000.00	(\$3,500.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	6,200.00	0.00	(6,200.00)
Insurance Premium Finance Companies Licenses	14,000.00	15,600.00	1,600.00
Fraternal Benefit Societies Licenses	0.00	0.00	0.00
Agents Appointment Fees	15,322,150.00	15,460,560.00	138,410.00
Surplus Lines Broker Licenses	124,700.00	122,350.00	(2,350.00)
Home Service Contract Providers License Fee	5,000.00	4,000.00	(1,000.00)
Title Settlement Agents Fee	72,810.00	8,040.00	(64,770.00)
Producer License Application Fees	1,046,850.00	1,059,030.00	12,180.00
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	72,350.00	73,600.00	1,250.00
Recording, Copying, and Certifying			
Public Records Fee	6,705.50	3,094.03	(3,611.47)
SCC Bad Check Fee	210.00	3,290.00	3,080.00
Managed Care Health Ins. Plan Appeals Fee	0.00	0.00	0.00
Administrative Penalty Payment	0.00	0.00	0.00
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	8,669,543.31	9,029,543.50	360,000.19
Reinsurance Intermediary Broker Fees	1,500.00	1,500.00	0.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00
Managing General Agent Fees	9,500.00	6,000.00	(3,500.00)
Viatical Settlement Provider License Fees	7,400.00	7,400.00	0.00
Viatical Settlement Broker License Fees	8,950.00	8,750.00	(200.00)

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	15,265.00	31,370.00	16,105.00
Appointment Fee Penalty	86,950.00	100,200.00	13,250.00
Miscellaneous Revenue	185.00	(329.20)	(514.20)
Recovery of Prior Year Expenses	61,511.76	6,701.85	(54,809.91)
Fire Programs Fund	37,278,547.88	38,359,820.09	1,081,272.21
Fire Programs Fund Interest	0.00	52,015.58	52,015.58
DMV Uninsured Motorist Transfer	5,373,558.81	2,349,041.91	(3,024,516.90)
Flood Assessment Fund	274,350.27	272,392.28	(1,957.99)
Heat Assessment Fund	2,022,762.83	2,144,123.41	121,360.58
Fines Imposed by State Corporation Commission	1,218,652.39	1,780,805.85	562,153.46
Fraud Assessment Fund	6,040,573.80	6,326,932.50	286,358.70
Fraud Assessment Interest	0.00	11,522.95	11,522.95
<b>TOTAL</b>	<b>\$77,757,186.55</b>	<b>\$77,251,783.50</b>	<b>(\$505,403.05)</b>

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES  
FOR THE YEARS 2016 AND 2017**

Value of All Taxable Property Including Rolling Stock

<u>Class of Company</u>	<u>2016</u>	<u>2017</u>	<u>Increase or (Decrease)</u>
Electric Light & Power Corporations	\$31,459,051,234.00	\$32,928,810,893.00	\$1,469,759,659
Gas Corporations	2,621,338,676.00	2,796,956,662.00	175,617,986
Motor Vehicle Carriers (Rolling Stock only)	44,944,571.00	42,531,577.00	(2,412,994)
Telecommunications Companies	7,724,791,948.00	7,695,090,816.00	(29,701,132)
Water Corporations	290,393,660.00	288,357,202.00	(2,036,458)
<b>TOTAL</b>	<b>\$42,140,520,089.00</b>	<b>\$43,751,747,150.00</b>	<b>\$1,611,227,061</b>

**COMPARISON OF STATE TAXES OF PUBLIC SERVICE COMPANIES  
FOR THE YEARS 2016 AND 2017**

<u>Class of Company</u>	<u>2016</u>	<u>2017</u>	<u>Increase or (Decrease)</u>
Electric Companies	\$86,356,939.00	\$84,807,126.00	(\$1,549,813)
Gas Companies	13,328,358.00	11,626,641.00	(1,701,717)
Motor Vehicle Carriers	51,044.00	47,862.00	(3,182)
Railroad Companies	1,104,786.00	1,807,359.00	702,573
Telecommunications Companies	9,430,937.00	9,359,866.00	(71,071)
Virginia Pilots Association	39,632.00	39,674.00	42
Water Corporations	2,356,372.00	2,487,045.00	130,673
<b>TOTAL</b>	<b>\$112,668,068.00</b>	<b>\$110,175,573.00</b>	<b>(\$2,492,495)</b>

Railroad Companies assessed at seven-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2016.

Railroad Companies assessed at twelve-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2017.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF  
PROPERTIES OF PUBLIC SERVICE CORPORATIONS  
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2016</u>	<u>2017</u>	<u>Increase or (Decrease)</u>
Alexandria	\$473,379,409	\$479,759,677	\$6,380,268
Bristol	23,579,400	24,604,326	1,024,926
Buena Vista	21,042,882	21,396,608	353,726
Charlottesville	125,189,654	127,389,438	2,199,784
Chesapeake	821,177,573	867,919,206	46,741,633
Colonial Heights	35,442,138	35,283,357	(158,781)
Covington	278,121,570	276,941,151	(1,180,419)
Danville	40,963,060	42,751,860	1,788,800
Emporia	18,698,090	18,896,112	198,022
Fairfax	108,445,011	109,307,384	862,373
Falls Church	23,619,443	25,513,090	1,893,647
Franklin	4,957,544	5,523,914	566,370
Fredericksburg	98,217,708	114,039,386	15,821,678
Galax	14,114,928	14,453,542	338,614
Hampton	332,387,149	344,319,933	11,932,784
Harrisonburg	45,928,807	45,703,610	(225,197)
Hopewell	374,832,580	376,818,073	1,985,493
Lexington	18,601,398	19,561,584	960,186
Lynchburg	190,230,086	199,503,688	9,273,602
Manassas	106,017,572	114,702,856	8,685,284
Manassas Park	23,031,281	25,386,830	2,355,549
Martinsville	21,958,804	21,473,883	(484,921)
Newport News	485,436,529	496,513,381	11,076,852
Norfolk	650,297,786	627,822,541	(22,475,245)
Norton	19,660,682	19,090,806	(569,876)
Petersburg	127,613,179	130,972,292	3,359,113
Poquoson	20,438,607	22,618,927	2,180,320
Portsmouth	350,845,789	358,174,046	7,328,257
Radford	17,972,013	21,811,639	3,839,626
Richmond	912,541,125	925,532,442	12,991,317
Roanoke	282,503,611	287,182,577	4,678,966
Salem	30,955,614	37,422,843	6,467,229
Staunton	76,707,843	82,085,084	5,377,241
Suffolk	347,321,787	366,856,956	19,535,169
Virginia Beach	944,018,838	982,187,142	38,168,304
Waynesboro	105,754,347	96,643,436	(9,110,911)
Williamsburg	49,443,128	50,239,688	796,560
Winchester	64,530,356	83,435,226	18,904,870
Total Cities	\$7,685,977,321	\$7,899,838,534	\$213,861,213

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF  
PROPERTIES OF PUBLIC SERVICE CORPORATIONS  
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2016</u>	<u>2017</u>	<u>Increase or Decrease</u>
Accomack	\$297,839,069	\$467,099,003	\$169,259,934
Albemarle	359,498,686	366,307,576	6,808,890
Alleghany	143,535,406	150,149,066	6,613,660
Amelia	36,550,441	43,833,059	7,282,618
Amherst	95,130,613	94,344,479	(786,134)
Appomattox	56,871,489	56,895,113	23,624
Arlington	899,900,628	895,112,124	(4,788,504)
Augusta	412,195,372	428,228,432	16,033,060
Bath	1,458,849,755	1,431,715,474	(27,134,281)
Bedford	275,703,976	269,383,068	(6,320,908)
Bland	69,677,043	76,028,010	6,350,967
Botetourt	240,493,092	331,699,201	91,206,109

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Brunswick	\$954,083,935	\$918,753,294	(\$35,330,641)
Buchanan	103,138,128	112,575,008	9,436,880
Buckingham	621,994,079	610,670,682	(11,323,397)
Campbell	283,606,307	311,680,182	28,073,875
Caroline	426,957,632	404,641,374	(22,316,258)
Carroll	104,734,284	112,128,920	7,394,636
Charles City	131,115,910	133,850,678	2,734,768
Charlotte	54,777,979	60,755,084	5,977,105
Chesterfield	1,361,797,779	1,440,032,063	78,234,284
Clarke	58,562,288	60,836,242	2,273,954
Craig	18,319,870	17,030,937	(1,288,933)
Culpeper	184,700,238	222,022,050	37,321,812
Cumberland	50,286,313	62,955,427	12,669,114
Dickenson	69,914,192	60,412,921	(9,501,271)
Dinwiddie	169,772,594	184,354,817	14,582,223
Essex	44,838,868	44,949,596	110,728
Fairfax	3,599,886,868	3,712,451,182	112,564,314
Fauquier	606,303,373	586,985,004	(19,318,369)
Floyd	58,544,863	60,224,701	1,679,838
Fluvanna	474,873,791	488,365,806	13,492,015
Franklin	171,786,961	173,028,163	1,241,202
Frederick	395,500,281	424,378,528	28,878,247
Giles	71,348,835	73,964,408	2,615,573
Gloucester	139,424,060	141,956,353	2,532,293
Goochland	102,822,933	112,371,153	9,548,220
Grayson	49,553,440	53,824,822	4,271,382
Greene	37,452,546	36,933,082	(519,464)
Greensville	43,682,455	298,743,718	255,061,263
Halifax	1,057,310,849	1,081,308,181	23,997,332
Hanover	590,375,339	598,761,215	8,385,876
Henrico	926,132,850	1,049,968,336	123,835,486
Henry	150,336,800	154,909,109	4,572,309
Highland	20,312,700	22,673,720	2,361,020
Isle of Wight	154,441,173	159,979,524	5,538,351
James City	225,010,352	226,292,523	1,282,171
King and Queen	29,634,827	31,363,930	1,729,103
King George	255,393,920	251,598,333	(3,795,587)
King William	51,388,453	52,570,012	1,181,559
Lancaster	59,378,306	60,647,781	1,269,475
Lee	59,352,037	60,511,839	1,159,802
Loudoun	1,981,860,247	2,283,979,745	302,119,498
Louisa	2,410,526,555	2,410,533,818	7,263
Lunenburg	64,417,993	65,580,766	1,162,773
Madison	44,480,817	46,066,588	1,585,771
Mathews	25,475,496	25,624,582	149,086
Mecklenburg	302,827,924	302,479,640	(348,284)
Middlesex	50,115,575	52,816,875	2,701,300
Montgomery	194,837,490	202,312,848	7,475,358
Nelson	81,886,716	83,959,734	2,073,018
New Kent	122,618,822	123,773,267	1,154,445
Northampton	51,653,101	53,789,964	2,136,863
Northumberland	50,513,573	53,156,983	2,643,410
Nottoway	62,931,841	69,550,024	6,618,183
Orange	109,502,736	110,091,852	589,116
Page	67,459,576	76,585,870	9,126,294
Patrick	55,992,878	58,772,744	2,779,866
Pittsylvania	300,816,165	295,020,964	(5,795,201)
Powhatan	94,226,305	93,672,159	(554,146)
Prince Edward	83,138,890	78,945,098	(4,193,792)
Prince George	160,391,541	165,056,505	4,664,964
Prince William	1,715,395,357	1,729,168,865	13,773,508
Pulaski	118,513,287	118,049,769	(463,518)
Rappahannock	53,894,064	54,485,837	564,773
Richmond	64,746,436	74,976,377	10,229,941
Roanoke	246,908,956	263,035,089	16,126,133
Rockbridge	163,062,041	181,511,320	18,449,279
Rockingham	290,714,977	287,794,680	(2,920,297)
Russell	227,948,389	290,257,261	62,308,872

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Scott	85,251,223	85,002,106	(249,117)
Shenandoah	199,361,330	200,474,883	1,113,553
Smyth	106,529,899	114,466,519	7,936,620
Southampton	168,009,768	164,056,896	(3,952,872)
Spotsylvania	380,197,163	373,416,673	(6,780,490)
Stafford	413,005,748	407,764,871	(5,240,877)
Surry	1,934,458,519	1,924,207,989	(10,250,530)
Sussex	86,690,124	91,624,047	4,933,923
Tazewell	133,398,036	154,912,599	21,514,563
Warren	1,029,409,905	951,010,410	(78,399,495)
Washington	243,047,839	264,792,838	21,744,999
Westmoreland	62,498,533	63,953,749	1,455,216
Wise	1,411,229,952	1,385,464,269	(25,765,683)
Wythe	195,668,162	246,862,266	51,194,104
York	448,890,270	448,089,397	(800,873)
Total Counties	\$34,409,598,197	\$35,809,377,039	\$1,399,778,842
<b>Total Cities &amp; Counties</b>	<b>\$42,095,575,518</b>	<b>\$43,709,215,573</b>	<b>\$1,613,640,055</b>

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL  
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2016, AND DECEMBER 31, 2017.**

	<u>2016</u>	<u>2017</u>	<u>Increase or (Decrease)</u>
Securities Act	\$10,331,484.15	\$12,705,942.27	\$2,374,458.12
Retail Franchising Act	\$545,450.00	\$550,150.00	\$4,700.00
Trademarks-Service Marks	\$28,410.00	\$30,030.00	\$1,620.00
Penalties	\$200,314.00	\$145,900.00	(\$54,414.00)
Cost of Investigations	<u>\$62,000.00</u>	<u>\$56,595.38</u>	<u>(\$5,404.62)</u>
<b>Total</b>	\$11,167,658.15	\$13,488,617.65	\$2,320,959.50



## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

## PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2017

## DIVISION OF UTILITY ACCOUNTING AND FINANCE

The Division of Utility Accounting and Finance (Division) assists the Commission with its review and analysis of accounting and financial information in utility regulatory matters. The Division conducts audits and prepares testimony and reports in rate proceedings, as well as in applications involving performance based reviews, rate adjustment clauses, affiliate transactions, mergers and acquisitions, financing plans, and certificates of public convenience and necessity. The Division also conducts audits of electric utility fuel costs and analyzes depreciation studies of electric, electric cooperatives, gas, and water and sewer utilities

Below is a listing of analyses conducted and reports/testimony filed in rate proceedings, certificate cases and financial review filings analyzed by the Division during 2017.

<u>General Rate Cases/Biennial Reviews</u>	
Electric Companies	1
Electric Cooperatives	2
Gas Companies	3
Water Companies	4
Other	<u>0</u>
<b>Total General Rate Cases/Biennial Reviews</b>	<b>10</b>
<u>Certificates of Public Convenience and Necessity</u>	3
<u>Rate Adjustment Clauses</u>	
Electric Companies	18
Water Companies	1
<u>Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans</u>	
Gas Companies	5
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies	0
Gas Companies	6
Water Companies	<u>3</u>
<b>Total Annual Informational Filings/Earnings Tests</b>	<b>9</b>
<u>Fuel Factor Cases - Electric Companies</u>	
	2
<u>Depreciation Studies</u>	
Electric Companies	2
Electric Cooperatives	1
Natural Gas Companies	1
Water Companies	<u>0</u>
<b>Total Depreciation Studies</b>	<b>4</b>
<u>Other Reviews and Studies</u>	10
During 2017 the Division submitted reports recommending action in applications filed pursuant to Chapter 3 (Issuances of Stocks, Bonds, etc.), Chapter 4 (Affiliates Act), and Chapter 5 (Utility Transfers Act) of Title 56 of the Code of Virginia, and Licensure cases as follows:	
<u>Issuance of Stocks, Bonds, etc.</u>	11
<u>Affiliates Act Cases</u>	
Service Agreements	13
Other Transactions	<u>12</u>
<b>Total</b>	<b>25</b>
<u>Utility Transfers Act Cases</u>	
Transfers of Control	14
Transfers of Assets	<u>10</u>
<b>Total</b>	<b>24</b>
<u>Total Chapter 3, 4 and 5 Cases</u>	60
<u>CSP Licensure Cases</u>	11

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Personnel:

The Commission's Division of Utility Accounting and Finance consisted of the following personnel on December 31, 2017:

<u>Description</u>	<u>Filled</u>	<u>Vacant</u>
Director	1	
Deputy Director	4	
UAF Manager	4	1
Office Supervisor	3	
Principal Utility Analyst	3	
Senior Utility Analyst	1	
Utility Analyst	2	
Associate Utility Analyst	0	1
Principal Utility Accountant	2	
Senior Utility Accountant	5	
Utility Accountant	<u>3</u>	<u>2</u>
<b><u>Total</u></b>	28	4

**DIVISION OF PUBLIC UTILITY REGULATION**

The Division of Public Utility Regulation assists the Commission in fulfilling its statutory responsibilities and duties pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include: (i) reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; (ii) reviewing cost allocation methodology and rate design philosophies; (iii) reviewing long term utility resource plans; (iv) overseeing implementation of competition in landline local communications services; (v) certifying competitive local exchange and interexchange carriers; (vi) maintenance of telecommunications interconnection agreements; (vii) regulation of small incumbent local exchange carriers; and, (viii) providing expert testimony in these matters.

The Division provides expert testimony in certificate cases for service/exchange areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps. The Division monitors the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, the recovery of fuel expenses by investor-owned electric utilities, the construction and operation of major facilities of the investor-owned utilities, and the implementation of competition in the telecommunications market. It reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to electric, natural gas, water/sewer and the telecommunications industries. The Division also participates in, as appropriate, formal complaints filed with the Commission. Finally, the Division develops annual energy related financial forecasts and provides the Commission with technical expertise pertaining to mergers, acquisitions, and regulatory policy relative to these industries.

At the end of 2017, there were subject to the regulatory oversight of the Division:

14	Incumbent Local Exchange Telephone Companies
167	Competitive Local Exchange Telephone Companies
119	Intrastate Long Distance Telephone Companies
25	Payphone Service Providers
10	Operator Service Providers
3	Investor-Owned Electric Companies
13	Electric Cooperatives
7	Natural Gas Companies
38	Water/Sewer Companies

**SUMMARY OF 2017 ACTIVITIES**

Consumer Complaints and Inquiries Received	3,845
Written Public Comments Relative to Commission Cases Received	1,819
Testimony and Reports Filed by Staff	95
Affiliates Applications	14
Certificates of Convenience and Necessity Granted, Transferred, or Revised	57
Meters Tests Witnessed	5
Community Meetings and Presentations	4

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**BUREAU OF FINANCIAL INSTITUTIONS**

The Bureau of Financial Institutions is responsible under Title 6.2 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan associations, consumer finance licensees, money transmitter licensees, mortgage lenders and brokers, mortgage loan originators, credit counseling agencies, check cashers, motor vehicle title lenders, and payday lenders. Financial institutions domiciled outside of Virginia that have deposit taking subsidiaries within the Commonwealth are also subject to the Bureau regulatory authority, as are out-of-state deposit taking subsidiaries of financial holding companies domiciled in Virginia.

During the calendar year, the Bureau of Financial Institutions received, investigated, and processed applications for various certificates of authority as shown below:

**APPLICATIONS RECEIVED AND ACTED UPON  
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2017**

	Received	Acted Upon
New Banks	2	1
Bank Branches	17	17
Bank Branch Office Relocations	4	3
Establish a Branch (out-of-state bank)	7	7
Bank Acquisitions Pursuant to § 6.2-704A	5	4
Bank Acquisitions Pursuant to § 6.2-704C	1	2
Bank Merger	7	7
Out of State Bank to Establish a Trust Branch	2	2
Credit Union Mergers	4	3
Credit Union Service Facilities	5	5
Out of State Credit Union to Conduct Business in VA	1	1
Credit Union Charter Conversions	1	1
Out of State Trust Branches	5	6
New Consumer Finance	7	0
Consumer Finance Offices	4	9
Consumer Finance Other Business	11	15
Consumer Finance Office Relocations	8	6
New Mortgage Lenders and/or Brokers	143	141
Acquisitions of Mortgage Lenders/Brokers	19	27
Mortgage Additional Offices	637	638
Exempt Mortgage Company Registrations	6	7
Mortgage Loan Originator Licensees	4,412	4,301
Transitional Mortgage Loan Originator	33	32
Bona Fide Non-Profit Designations	4	3
New Motor Vehicle Title Lender	5	3
Motor Vehicle Title Lender Additional Offices	2	1
Acquire a Motor Vehicle Title Lender	0	1
Motor Vehicle Title Lender Office Relocations	6	6
Motor Vehicle Title Lender Other Business	11	11
New Money Order Sellers/Money Transmitters	9	8
Acquisitions of Money Order Sellers/Money Transmitters	3	5
Credit Counseling Agency Additional Offices	4	4
Credit Counseling Office Relocations	4	5
New Check Cashers	38	30
Payday Office Relocations	3	3
Payday Lender Other Business	4	1
Payday Lender Additional Offices	1	1
New Payday Lenders	2	0

At the end of 2017, there were under the supervision of the Bureau 57 banks with 1,099 branches, 52 Virginia bank holding companies, 3 non-Virginia bank holding companies with a subsidiary Virginia bank, 3 subsidiary trust companies, 1 savings institution, 33 credit unions, 2 industrial loan associations, 22 consumer finance companies with 255 Virginia offices, 102 money transmitters, 35 credit counseling agencies, 379 check cashers, 180 mortgage lenders with 595 offices, 372 mortgage brokers with 467 offices, 252 mortgage lender/brokers with 1,960 offices, 18,844 mortgage loan originators, 5 private trust companies, 25 motor vehicle title lenders with 405 offices, and 17 payday lenders with 169 offices.

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

**BUREAU OF INSURANCE REGULATION  
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau of Insurance (Bureau) has licensed and examined the affairs of insurance companies since that time. Here in the Commonwealth of Virginia, the functions of the Bureau have increased with the complexity and importance of insurance in our daily lives. In keeping with the Commission's mission, Bureau staff strives to balance the interests of insurance consumers with its duty to regulate Virginia's business responsibility.

The Bureau is divided into the following five divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life insurers, accident and sickness insurers, health service plans, and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); the Agent Regulation Division licenses and regulates the activities of licensed insurance agents, agencies and public adjusters; and the Policy and Compliance Division monitors state and federal legislation impacting insurance regulation, prepares reports and studies for the Bureau, collects various special taxes and assessments on insurance companies, and supports the other Bureau divisions in an auxiliary role in performing their respective regulatory functions.

The regulatory functions of the Bureau include: (1) monitoring the activities of insurance agents, agencies and public adjusters to ensure their actions comply with state law; (2) answering questions and assisting consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) conducting on-site field examinations of insurance company practices in Virginia to ensure compliance with state law and to verify whether claims are paid on a timely basis, underwriting decisions are not unfairly discriminatory, and that marketing materials are not misleading; (4) promoting and protecting the interests of covered persons under managed care health insurance plans (MCHIP) and assisting consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) evaluating insurance policies and rates to ensure compliance with state law, that policies are written in understandable language, and that premiums charged are reasonable and not unfairly discriminatory.

**SUMMARY OF 2017 ACTIVITIES**

New insurance companies licensed to do business in Virginia	19
Insurance company financial statements analyzed	1,012
Financial examinations of insurance companies conducted	18
Property and Casualty insurance rules, rates and form submissions	3,500
Life and Health insurance policy forms and rates submissions	2,753
Property and Casualty insurance complaints received	2,470
Life and Health insurance complaints received	2,273
Market conduct examinations completed by the Life and Health Division	5
Market Regulation Continuum Actions completed by the Life and Health Division	14
Market conduct examinations completed by the Property and Casualty Division	4
Market Regulation Continuum Actions completed by the Property and Casualty Division	29
Insurance agents and agencies licensed	231,775
Assessment audits	4,779
Ombudsman Office inquiries received	568
Individuals assisted by Ombudsman Office in appealing MCHIP denials	119

**EXTERNAL APPEAL FISCAL YEAR 2017**

Number of Cases Reviewed	420
Eligible Appeals	128
Ineligible Appeals	292
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	73
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**NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP**

Pursuant to Virginia Code § 38.2-1517, please TAKE NOTICE that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail [www.howcorp.com](http://www.howcorp.com).

The Commission is the Receiver, and Commissioner of Insurance Scott A. White is the Deputy receiver, of HOW. Any inquiries concerning the conduct of the receivership of HOW may be directed to their Special Deputy Receiver, Patrick H. Cantilo, Esquire, Cantilo & Bennett, LLP, Suite 300, 11401 Century Oaks Terrace, Austin, Texas 78758.

*ANNUAL REPORT OF THE STATE CORPORATION COMMISSION*

Reciprocal of America (ROA) and The Reciprocal Group (TRG). Date of receivership: January 29, 2003. An Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies was entered on June 20, 2003, and on October 28, 2003, the proposed plan of liquidation was approved by entry of an Order Setting Final Bar Date and Granting the Deputy Receiver Continuing Authority to Liquidate Companies.

The Commission is the Receiver, and the Commissioner of Insurance, Scott A. White, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to John Cox with the Commission's Office of General Counsel, Special Deputy Receiver of ROA and TRG or by e-mail at [www.reciprocalgroup.com](http://www.reciprocalgroup.com).

Southern Title Insurance Corporation (STIC). Date of receivership: December 20, 2011. The State Corporation Commission was named receiver for STIC by the Circuit Court of the City of Richmond. An Order of Liquidation with a Finding of Insolvency was entered on July 28, 2014.

The Commission is the Receiver, and the Commissioner of Insurance, Scott A. White, is the Deputy Receiver of STIC. Any inquiries concerning the conduct of the receivership of STIC may be directed to John Cox with the Commission's Office of General Counsel, Special Deputy Receiver of STIC.

## DIVISION OF SECURITIES AND RETAIL FRANCHISING

The Division of Securities and Retail Franchising of the State Corporation Commission is charged with the administration of the following laws:

Virginia Securities Act (known as the "Blue Sky" Law), Virginia Code §§ 13.1-501 through 13.1-527.3.  
 Virginia Trademark and Service Mark Act, Virginia Code §§ 59.1-92.1 through 59.1-92.21.  
 Virginia Retail Franchising Act, Virginia Code §§ 13.1-557 through 13.1-574.

### Summary of 2017 Activities

#### UNDER THE VIRGINIA SECURITIES ACT:

11	agent of issuer registrations and renewals denied, withdrawn, or terminated
21	securities registrations approved
10	securities registrations denied, withdrawn, or terminated
1	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
3,026	investment company notice filings originals and renewals accepted
270	investment company notice filings originals and renewals denied, withdrawn, or terminated
62	exemptions from registration approved
1	exemptions from registration denied, withdrawn, or terminated
2663	exemption notice filings for federal-covered securities accepted
3,951	broker-dealer registrations and renewals approved
152	broker-dealer registrations and renewals denied, withdrawn, or terminated
28	broker-dealer audits completed
232,126	broker-dealer agent registrations and renewals approved
35,675	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
16	investment advisor eras approved
159	investment advisor other amendments approved
34	investment advisor other amendments denied, withdrawn, or terminated
6,658	investment advisor registrations, renewals, and amendments approved
260	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
85	investment advisor audits completed
813	audit violation deficiencies resolved
16,692	investment advisor representative registrations and renewals approved
2,505	investment advisor representative registrations and renewals denied, withdrawn, or terminated
66	agent of issuer registrations and renewals approved
91	investigations completed

#### UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

793	trademarks and/or service marks approved, renewed, or assigned
426	trademarks and/or service marks denied, abandoned, expired, or withdrawn

#### UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,939	franchise registrations, renewals, or post-effective amendments approved
392	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
26	investigations completed

## ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

## ORDERS, JUDGMENTS AND SETTLEMENTS:

9	orders granting exemptions and/or official interpretations
0	orders filing and/or canceling surety bonds
45	orders for subpoena of records by banks, corporations, and individuals
3	orders of show cause
20	judgments of compromise and settlement
17	final orders and/or judgments
0	temporary injunctions
3	special supervision

## TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

4	investigation general inquiry calls/e-mails
632	calls/e-mails regarding pending investigations
179	enforcement general inquiry calls/e-mails
1,948	calls/e-mails regarding pending enforcements
536	calls/e-mails regarding pending registrations
20,576	registration general inquiry calls/e-mails
544	calls/e-mails regarding pending audits
49	audit general inquiry calls/e-mails
7,171	examination general inquiry calls/e-mails
230	calls/e-mails regarding pending examinations
121	complaints resulting in investigations
22	complaints referred
14	complaints with no authority to investigate
10	complaints with no violation of Securities or Retail Franchising Acts

## UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

## SUMMARY OF CALENDAR YEAR ACTIVITIES

	<u>12/31/16</u>	<u>12/31/17</u>
Financing/Subsequent Statements Filed	82,353	81,730
Federal Tax Liens/Subsequent Liens Filed	4,189	4,339
Reels of Microfilmed Documents Sold	423	464

## DIVISION OF UTILITY AND RAILROAD SAFETY

The Division of Utility and Railroad Safety assists the Commission in administering three safety programs: Gas and Hazardous Liquid Pipeline Safety, Railroad Safety and Underground Utility Damage Prevention.

The Pipeline Safety Section of the Division helps ensure the safe operation of gas and hazardous liquid pipeline facilities, through inspections of facilities and new constructions, review of safety records and programs, and investigation of incidents. In 2017, the Division's pipeline safety activities involved 7 natural gas companies and 3 municipal owned systems with a total of 21,455 miles of pipelines serving 1,268,489 customers, 51 master-metered systems, 66 propane systems and 5 hazardous liquid pipeline companies with a total of 1,145 miles of pipelines.

## Summary of 2017 Activities

Gas Safety Inspection Man-days Conducted	1,338
Hazardous Liquid Safety Inspection Man-days Conducted	67
Number of Counts of Probable Violations Cited	1,293
Pipeline Accidents Investigated	54
Pipeline Safety Trainings Conducted	44
Reports filed	6

*ANNUAL REPORT OF THE STATE CORPORATION COMMISSION*

The Rail Safety Section of the Division in coordination with the Federal Railroad Administration, helps ensure the safe operation of jurisdictional railroads by conducting inspections of tracks, signals, highway rail grade crossings, railroad operations, shipment of hazardous materials by rail, motive power and equipment and investigations of certain accidents and citizen complaints. The Division's inspections involve more than 3,000 miles of track, over 4,000 highway and private grade crossings, thousands of rolling stock, which also include tank cars, and intermodal containers and 69 yard facilities.

**Summary of 2017 Activities**

Number of Hazmat Units <sup>1</sup> Inspected	4,786
Number of Track Units <sup>2</sup> Inspected	10,073
Number of Locomotive and Car Units <sup>3</sup> Inspected	80,675
Number of Operating Practice Units <sup>4</sup> Inspected	1,829
Number of Signal/Grade Crossing <sup>5</sup> Units Inspected	858
Number of Defects Noted	8,656
Number of Violations Cited	50
Number of Accidents/NRC Incidents Investigated	62
Number of Complaints Investigated	24

The Damage Prevention Section of the Division investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and on a monthly basis presents its findings and recommendations to an Advisory Committee appointed by the Commission in accordance with the Act. This Committee then makes enforcement recommendations to the Commission. The Division provides free training relative to the Act and safe digging practices to excavators, utilities and others, disseminates damage prevention educational material and promotes partnership among the stakeholders to further underground utility damage prevention in Virginia.

**Summary of 2017 Activities**

Underground Utility Damage Reports Investigated	1,212
Number of Individuals Having Received Damage Prevention Training	1,262
Number of Damage Prevention Educational Material Disseminated	139,087
Number of Damage Prevention Field Audits Conducted	337

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<sup>1</sup> Each hazmat record review along with each visual inspection of a tank car, bulk/non-bulk package and/or freight container is considered a hazmat unit.

<sup>2</sup> Each mile of track, record, crossing at grade, among other things, is considered a track unit.

<sup>3</sup> Each locomotive, car, motive power equipment record, among other things, is considered a unit.

<sup>4</sup> Each location where operations are or may occur such as switchyards, field offices, yard offices, trains, yard crew locations and dispatching are considered an operating practice unit.

<sup>5</sup> Each signal/switch/grade crossing record review along with each visual inspection of a signal/grade crossing component is considered a signal/grade crossing unit.

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 BAN20170003 William Nunemaker - To acquire 25 percent or more of Neighborhood Lender, Inc.  
 BAN20170004 7 Corners Financial, Inc. - To conduct consumer finance business where a management consulting business will also be conducted  
 BAN20170005 Access National Corporation - To acquire Middleburg Financial Corporation  
 BAN20170006 YapStone, Inc. - For a money order license  
 BAN20170007 Southern National Bancorp of Virginia, Inc. - To acquire Eastern Virginia Bankshares, Inc.  
 BAN20170008 Sonabank - To merge into EVB  
 BAN20170009 A B A Enterprises LLC d/b/a J & R Mart - To open a check casher at 361 W. King Street, Strasburg, VA  
 BAN20170010 OneMain Financial Group, LLC - To relocate a consumer finance office from Spring Knoll Plaza, Stafford County, VA to 556 Garrisonville Road, Suite 102, Stafford County, VA  
 BAN20170011 Azzaam, Inc. d/b/a Al's Marketplace - To open a check casher at 3440 Anderson Highway, Powhatan, VA  
 BAN20170012 Citizens and Farmers Bank - To open a branch at 304 East Main Street, City of Charlottesville, VA  
 BAN20170013 Dona Fer Grocery Store LLC - To open a check casher at 1060 Virginia Avenue, Harrisonburg, VA  
 BAN20170014 Manshu Check & Cash LLC - To open a check casher at 3335 Fall Hill Avenue, Fredericksburg, VA  
 BAN20170015 GreenPath, Inc. d/b/a GreenPath Financial Wellness - To relocate a credit counseling office from One Barker Avenue, Suite 420, White Plains, NY to 75 South Broadway, Fourth Floor, Office 462, White Plains, NY  
 BAN20170016 RickyJohn LLC - To open a check casher at 5116 Mudd Tavern Road, Woodford, VA  
 BAN20170017 ACAC, Inc. d/b/a Approved Cash - To relocate a payday lending office from 575 West Monroe Street, Wytheville, VA to 1155 North Fourth Street, Suite 103, Wytheville, VA  
 BAN20170018 ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 575 West Monroe Street, Wytheville, VA to 1155 North Fourth Street, Suite 103, Wytheville, VA  
 BAN20170019 Haripriya Inc. d/b/a Mr. A 's Mart - To open a check casher at 421 E. Campbell Ave., SE, Roanoke, VA  
 BAN20170020 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from Greenbrier Circle, Tower 1, Chesapeake, VA to 1545 Crossways Blvd., Suite 250, Chesapeake, VA  
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 BAN20170026 Palacios Corporation d/b/a El Ranchito Mexican Store - To open a check casher at 21359 S. Bayside Road, Cape Charles, VA  
 BAN20170027 Reliant Holdings Group, LLC - To acquire 25 percent or more of Reliant Loan Servicing, LLC  
 BAN20170028 Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - For authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's motor vehicle title lending offices  
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BAN20170049 Union Bank & Trust - To relocate an office from 5700 Brook Road, Henrico County, VA to 5950 Brook Road, Henrico County, VA

BAN20170050 Shore United Bank - To open a branch at 25306 Lankford Highway, Onley, VA

BAN20170051 North Seattle Community College Foundation d /b/a American Financial Solutions - To relocate a credit counseling office from 2815 2nd Avenue, Suite 280, Seattle, WA to 600 University Street, Suite 2409, Seattle, WA

BAN20170052 Freedom Bank of Virginia, The - To open a branch at 4500 Daly Drive, Suite 240, Chantilly, Fairfax County, VA

BAN20170053 Money Management International, Inc. - To open an additional credit counseling office at 1545 Crossways Boulevard, Suite 250, Chesapeake, VA

BAN20170054 OneMain Financial of America, Inc. - To relocate a consumer finance office from 629 Southpark Boulevard, City of Colonial Heights, VA to 798 Southpark Boulevard, Ste 30, City of Colonial Heights, VA

BAN20170055 Union Bank & Trust - To open a branch at 209 Stonebridge Plaza Avenue, Chesterfield County, VA

BAN20170056 Publix North Carolina LP - To open a check casher at 5400 Wyndham Forest Drive, Glen Allen, VA

BAN20170057 SCRS Acquisition Corporation - To acquire 25 percent or more of JPay Inc.

BAN20170058 Baylands Family Credit Union, Inc. - For a certificate of authority to engage in business as a state-chartered credit union upon the conversion of Baylands Federal Credit Union

BAN20170059 Piedmont Credit Union - To open a credit union service office at 3240 Franklin Turnpike, Danville, VA

BAN20170060 Piedmont Credit Union - To open a credit union service office at 4027 Halifax Road, South Boston, VA

BAN20170061 OneMain Financial of America, Inc. - To conduct consumer finance business where Guarantee Asset Protection (GAP) waiver product will also be sold

BAN20170062 OnceMain Financial Group, LLC - To conduct consumer finance business where Guarantee Asset Protection (GAP) waiver product will also be sold

BAN20170063 Alipay (UK) Limited - To acquire 25 percent or more of MoneyGram Payment Systems, Inc.

BAN20170064 Citizens Community Bank - To open a branch at 701 Virginia Avenue, Clarksville, Mecklenburg County, VA

BAN20170065 LMB OpCo LLC - To acquire 25 percent or more of LMB Mortgage Services, Inc.

BAN20170066 Interlaken Mortgage Corp. - To acquire 25 percent or more of Belem Servicing LLC

BAN20170067 Tanzania Credit, Inc. - For a license to engage in business as a motor vehicle title lender

BAN20170068 Amanecer Latino Market 5 Inc. d/b/a Amanecer Latino Market 5 Inc. - To open a check casher at 8410 Staples Mill Road, Henrico, VA

BAN20170069 Oportun, LLC - To open a consumer finance office

BAN20170070 Asia Petroleum LLC d/b/a Al's Market Place - To open a check casher at 3440 Anderson Highway, Powhatan, VA

BAN20170071 Alan Yim Trust - To acquire 25 percent or more of Full Beaker, Inc.

BAN20170072 Adam Carmel - To acquire 25 percent or more of ETHOS LENDING LLC

BAN20170073 Mexico Lindo, Inc. - To open a check casher at 85 N. Glebe Road, Arlington, VA

BAN20170074 Habitat for Humanity of Winchester-Frederick-Clarke, Inc. - To be designated as a bona fide nonprofit organization

BAN20170075 GreenPath, Inc. d/b/a GreenPath Financial Wellness - To open an additional credit counseling office at 1920 Old Tustin Avenue, Santa Ana, CA

BAN20170076 Xenith Bank - To open a branch at 713 Independence Blvd., City of Virginia Beach, VA

BAN20170077 Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted

BAN20170078 Lendmark Financial Services, LLC - To conduct consumer finance business where auto club memberships will also be sold

BAN20170079 HCL Mortgage Holdings, LLC - To acquire 25 percent or more of Urban Fulfillment Services, LLC

BAN20170080 Mi Salvador Express - To open a check casher at 6027 Leesburg Pike #1, Falls Church, VA

BAN20170081 First Global Money Inc. - For a money order license

BAN20170082 Washington County, Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization

BAN20170083 Blessed Financial Services, Inc. - To open a check casher at 1812 Featherstone Road, Woodbridge, VA

BAN20170084 Pinnacle Bank - To merge into it BNC Bank

BAN20170085 First Bank - To open a branch at 5601 Patterson Avenue, City of Richmond, VA

BAN20170086 Pangea USA, LLC - For a money order license

BAN20170087 University of Virginia Community Credit Union, Inc. - To open a credit union service office at 5714 Three Notch'd Road, Crozet, VA

BAN20170088 Sandy Spring Bancorp, Inc. - To acquire WashingtonFirst Bankshares, Inc.

BAN20170089 TCV Trust & Wealth Management, Inc. - To open a new independent trust company branch at 9030 Stony Point Parkway, Suite 300, Richmond, VA

BAN20170090 TCV Trust & Wealth Management, Inc. - To open a new independent trust company branch at 4350 New Town Avenue, Suite 202, Williamsburg, VA

BAN20170091 TCV Trust & Wealth Management, Inc. - To open a new independent trust company branch at 204 South Jefferson Street, Suite 200, Roanoke, VA

BAN20170092 TCV Trust & Wealth Management, Inc. - To open a new independent trust company branch at 1320 Old Chain Bridge Road, Suite 205, McLean, VA

BAN20170093 TCV Trust & Wealth Management, Inc. - To open a new independent trust company branch at 203 Archway Court, Suite B, Lynchburg, VA

BAN20170094 Chesapeake Bank - To open a branch at 2300 Cedarfield Pkwy, Henrico County, VA

BAN20170095 Village Bank - To open a branch at 5372 Discovery Park Boulevard, Suite 101, James City County, VA

BAN20170096 Mohamed Ayoub M & V Mini Market, DBA Fast Stop - To open a check casher at 1230 Virginia Avenue, Martinsville, VA

BAN20170097 South State Bank - To merge into it Park Sterling Bank

BAN20170098 OneMain Financial of America, Inc. - To relocate a consumer finance office from 1790 E. Market Street, Suite 152, City of Harrisonburg, VA to 1719 South High Street, City of Harrisonburg, VA

BAN20170099 Moneycorp, Inc. - To acquire 25 percent or more of Commonwealth Foreign Exchange Inc.

BAN20170100 MainStreet Bank - To open a branch at 307 East Market Street, Leesburg, Loudoun County, VA

BAN20170101 National Capital Bank of Washington, The - To open a branch at 2505 Wilson Boulevard, Arlington County, VA

BAN20170102 United Bank - To merge into it United Bank, Inc.

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BAN20170103 Robyn Graves - To acquire 25 percent or more of Success Mortgage, LLC  
 BAN20170104 ACAC, Inc. d/b/a Approved Cash - To relocate a payday lending office from 901 West Broad Street, Suite K, Waynesboro, VA to 2510 West Main Street, Waynesboro, VA  
 BAN20170105 ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 901 West Broad Street, Suite K, Waynesboro, VA to 2510 West Main Street, Waynesboro, VA  
 BAN20170106 OneMain Financial Group, LLC - To conduct consumer finance business where non-credit life insurance will also be sold  
 BAN20170107 HomeServices MidAtlantic, LLC - To acquire 25 percent or more of Prosperity Home Mortgage, LLC  
 BAN20170108 Jennifer Kim - To acquire 25 percent or more of Mortgage 4 U LLC  
 BAN20170109 Virginia Community Bank - To open a branch at 944 Glenwood Station Lane, Suites 101 and 104, Albemarle County, VA  
 BAN20170110 Nishith R. Parikh - To acquire 25 percent or more of KWIK MORTGAGE CORPORATION  
 BAN20170111 University of Virginia Community Credit Union, Inc. - To merge into it Charlottesville Postal Federal Credit Union  
 BAN20170112 First Virginia Financial Services, LLC d/b/a First Virginia - For authority for an other business operator to conduct an open-end credit business from the licensee's motor vehicle title lending offices  
 BAN20170113 First Virginia Financial Services, LLC d/b/a First Virginia - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices  
 BAN20170114 First Virginia Financial Services, LLC - For a license to engage in business as a motor vehicle title lender  
 BAN20170115 Blessed Financial Services, Inc. - For a license to engage in business as a payday lender  
 BAN20170116 Zoom Title Loans LLC - For a license to engage in business as a motor vehicle title lender  
 BAN20170117 CCB Bankshares, Inc - To open a bank at 800 North Mecklenburg Avenue, South Boston, Mecklenburg County, VA  
 BAN20170118 Bank of McKenney - To merge into it CCB Bankshares, Inc  
 BAN20170119 Bank of McKenney - To merge into it Citizens Community Bank  
 BAN20170120 DuPont Community Credit Union - To open a credit union service office at 1900 Stone Spring Road, Harrisonburg, VA  
 BAN20170121 Bannockburn Global Forex, LLC - For a money order license  
 BAN20170122 Idylwood Mart Inc - To open a check casher at 7519 Leesburg Pike, Falls Church, VA  
 BAN20170123 Union Bankshares Corporation - To acquire Xenith Bankshares, Inc.  
 BAN20170124 Union Bank & Trust - To merge into it Xenith Bank  
 BAN20170125 Christian Community Credit Union - Out of state credit union to open an in-state office  
 BAN20170126 Victoria H. Bires - To acquire 25 percent or more of Robert K. Harwood, L.C.  
 BAN20170127 Hotin Market Inc. d/b/a Hot Crunchy Chicken - To open a check casher at 206 E. Nine Mile Road, Highland Springs, VA  
 BAN20170128 Towne Bank - To merge into it Paragon Commercial Bank  
 BAN20170129 Platinum 786, Inc. - To open a check casher at 3918 Oaklawn Boulevard, Hopewell, VA  
 BAN20170130 Erlinda Caballero d/b/a Carniceria 2 Toros Meat Market - To open a check casher at 215 Westover Drive, Danville, VA  
 BAN20170131 F3EA Funding LLC - To open a consumer finance office  
 BAN20170132 Cash-2-U Financial Services of Virginia, LLC d/b/a Cash-2-U Title Loans - To relocate a motor vehicle title lending office from 2501 Chamberlayne Avenue, Richmond, VA to 5206 Seminary Avenue, Richmond, VA  
 BAN20170133 OneMain Financial of America, Inc. - To relocate a consumer finance office from 2720 North Mall Drive, Suite 124, City of Virginia Beach, VA to 2129 General Booth Blvd., Suite 110, City of Virginia Beach, VA  
 BAN20170134 Tysons Corner Mart Inc. - To open a check casher at 8021 Leesburg Pike, Vienna, VA  
 BAN20170135 Daniel H.B. Kim - To acquire 25 percent or more of Greenway Funding Group, Inc.  
 BAN20170136 Raas Investments Limited d/b/a LUCKYS - To open a check casher at 2156 Huguenot Trail, Powhatan, VA  
 BAN20170137 Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - To establish an additional motor vehicle title lending office at 4231 E. Little Creek Road, Suite B, Norfolk, VA  
 BAN20170138 Buckeye Check Cashing of Virginia, Inc. d/b/a Checksmart - To establish an additional payday lending office at 4231 E. Little Creek Road, Suite B, Norfolk, VA  
 BAN20170139 Justis Convenient Stores, Inc. - To open a check casher at 1205 12th Street, Lynchburg, VA  
 BAN20170140 Zoom Title Loans LLC - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices  
 BAN20170141 Internacional AMC Corporation - For a license to engage in business as a motor vehicle title lender  
 BAN20170142 Hercules Food Incorporated d/b/a Ruta 360 La Discoteca Bar and Restaurant - To open a check casher at 5250 Hull Street Road, Richmond, VA  
 BAN20170143 DC Distributors LLC - To open a check casher at 6751 Wilson Blvd., Falls Church, VA  
 BAN20170144 Regions Bank - To engage in trust business at 7231 Forest Avenue, Suite 100, Henrico, VA  
 BAN20170145 MVB Bank, Inc. - To open a branch at 12100 Sunset Hills Road, Suite 110 and 130, Reston, VA  
 BAN20170146 Manor Resources, LLC - To open a consumer finance office  
 BAN20170147 Atlantic Bay Holding Company, Inc. - To open a bank at 596 Lynnhaven Pkwy., Suite 200, City of Virginia Beach, VA  
 BAN20170148 Virginia Community Bank - To merge into it Atlantic Bay Holding Company, Inc.  
 BAN20170149 Brian Holland - To acquire 25 percent or more of Virginia Community Bank  
 BAN20170150 ACAC, Inc. d/b/a Approved Cash - To relocate a payday lending office from 1560 N. Franklin Street, Christiansburg, VA to 428 Peppers Ferry Road, Christiansburg, VA  
 BAN20170151 ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 1560 N. Franklin Street, Christiansburg, VA to 428 Peppers Ferry Road, Christiansburg, VA  
 BAN20170152 Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To relocate a credit counseling office from 1455 Frazee Road, Suite 550, San Diego, CA to 3530 Camino del Rio North, Suite 110, San Diego, CA  
 BAN20170153 John Marshall Bank - To open a branch at 1401 H Street, NW, Suite 702, Washington, DC  
 BAN20170154 First Virginia Financial Services, LLC d/b/a First Virginia - For authority for an other business operator to conduct the business of tax preparation and electronic tax filing services from the licensee's motor vehicle title lending offices  
 BAN20170155 William E. Taylor, Jr - To acquire 25 percent or more of Hometown Lenders, L.L.C.  
 BAN20170156 Vemex Incorporated d/b/a La Guadalupana - To open a check casher at 221 Carlton Road, Suite 15, Charlottesville, VA  
 BAN20170157 Mahant Swami Inc - To open a check casher at 7465 Lankford Highway, Oak Hall, VA

BAN20170158	The Trading Post LLC - To open a check casher at 3017 Monacan Trail Road, North Garden, VA
BAN20170159	Virginia Credit Union, Inc. - To open a credit union service office at 14520 Hancock Village Street, Chesterfield, VA
BAN20170160	Habitat for Humanity Michigan Fund, Inc. - To be designated as a bona fide nonprofit organization
BAN20170161	Vermex, LLC - To open a check casher at 9610 Grant Avenue, Manassas, VA
BAN20170162	OneMain Financial of America, Inc. - To conduct consumer finance business where a Home and Auto Plus Insurance Plan will also be sold
BAN20170163	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union - To merge into it Piedmont Credit Union
BAN20170164	Anderson Financial Services, LLC LoanMax (Used in Virginia by: Anderson Financial Services, LLC) d/b/a LoanMax - To relocate a motor vehicle title lending office from 3607 North Military Highway, Norfolk, VA to 7816 North Military Highway, Norfolk, VA
BAN20170165	Capital Bank, National Association - To open a branch at 10700 Parkridge Blvd, Suite 180, Reston, VA
BAN20170166	Live Oak Bank - To engage in trust business at 7400 Beaufont Springs Drive, Suite 300, Richmond, VA
BAN20170167	Kashable LLC - To open a consumer finance office
BAN20170168	PCC Check Cashing, LLC - For an other business operator to conduct a motor vehicle title lending business from the licensee's payday lending offices
BAN20170169	PCC Check Cashing, LLC - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's payday lending offices
BAN20170170	PCC Check Cashing, LLC - For authority for an other business operator to conduct a pre-paid credit cards business from the licensee's payday lending offices
BAN20170171	PCC Check Cashing, LLC - For a license to engage in business as a payday lender
BAN20170172	Payne's Auto Title Loans, LLC - For authority for an other business operator to conduct a payday lending business from the licensee's motor vehicle title lending offices
BAN20170173	Payne's Auto Title Loans, LLC - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices
BAN20170174	Payne's Auto Title Loans, LLC - For authority for an other business operator to conduct a check cashing business from the licensee's motor vehicle title lending offices
BAN20170175	Payne's Auto Title Loans, LLC - For authority for an other business operator to conduct a pre-paid credit card business from the licensee's motor vehicle title lending offices
BAN20170176	Payne's Auto Title Loans, LLC - For a license to engage in business as a motor vehicle title lender
BAN20170177	PCC Check Cashing, LLC - To open a check casher at 785-B East Market Street, Harrisonburg, VA
BAN20170178	LA TRADING Inc. - To open a check casher at 4810 Beauregard Street, Suite 103, Alexandria, VA
BAN20170179	Essex Bank - To open a branch at 3638 Old Forest Road, City of Lynchburg, VA
BAN20170180	Montex LLC d/b/a Super Market - To open a check casher at 8680 Liberia Ave., Manassas, VA
BAN20170181	Red October, LLC - To acquire 25 percent or more of Belem Servicing LLC
BAN20170182	Seven Sunrise, LLC d/b/a Cross Roads Grocery - To open a check casher at 119 Cedar Grove Road, Winchester, VA
BAN20170183	Kwik Dollar LLC - For a money order license
BAN20170184	Confident Financial Solutions, Inc. - To open a consumer finance office
BAN20170185	OneMain Financial Group, LLC - To relocate a consumer finance office from The Shops at Janaf, City of Norfolk, VA to 725 E. Little Creek Road, Suite 507, City of Norfolk, VA
BAN20170186	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For authority for an other business operator to conduct the business of facilitating third party tax preparation and electronic tax filing services from the licensee's motor vehicle title lending offices
BAN20170187	Buckeye Check Cashing of Virginia, Inc. d/b/a CheckSmart - For authority for an other business operator to conduct the business of facilitating third party tax preparation and electronic tax filing services from the licensee's payday lending offices
BAN20170188	Alipay US, Inc. - For a money order license
BAN20170189	Baylands Family Credit Union, Inc. - To merge into it Spruance Cellophane Credit Union
BAN20170190	New Peoples Bank, Inc. - To open a branch at 207 Oakvale Road, Princeton, WV
BAN20170191	Summit Community Bank, Inc. - To open a branch at Lot 10, Stone Port Retail Park, Harrisonburg, VA
BAN20170192	Apple Payments Inc. - For a money order license
BAN20170193	ECN Platinum LLC - To acquire 25 percent or more of Triad Financial Services, Inc.
BAN20170194	Mariner Finance of Virginia, LLC - To conduct consumer finance business where Auto Plus Insurance will also be sold
BAN20170195	Zoom Title Loans LLC - To conduct consumer finance business where an open-end credit business will also be conducted
BAN20170196	Zoom Title Loans LLC - To establish an additional motor vehicle title lending office at 279 West Main Street, Covington, VA
BAN20170197	Altavista Area/Campbell County Habitat for Humanity, Inc. - To be designated as a bona fide nonprofit organization
BAN20170198	Bank of the James - To relocate an office from 180 Old Courthouse Road, Appomattox, Appomattox County, VA to 1745 Confederate Boulevard, Appomattox, Appomattox County, VA
BAN20170199	Z. A. Goraya LLC d/b/a Market Place - To open a check casher at 3019 Nine Mile Road, Richmond, VA
BAN20170200	Old Point Financial Corporation - To acquire Citizens National Bank
BAN20170201	Lennar Corporation - To acquire 25 percent or more of CalAtlantic Mortgage, Inc.
BAN20170202	Cheetah Club Group Corp. - To acquire 25 percent or more of CalAtlantic Mortgage, Inc.
BAN20170203	SBP Check Casher Inc. - To open a check casher at 1514 Pump Road, Richmond, VA
BAN20170204	First Bank and Trust Company, The - To open a branch at 2695 Prices Fork Road, Blacksburg, VA
BAN20170205	OneMain Financial Group, LLC - To relocate a consumer finance office from 1447-49 North Main Street, City of Suffolk, VA to 1009 Centerbrook Lane, Suite 14, Centerbrooke Village, City of Suffolk, VA
BAN20170206	OneMain Financial Group, LLC - To relocate a consumer finance office from 969 East Stuart Drive, City of Galax, VA to 1057 E. Stuart Drive, Suite 15, Twin County Plaza, City of Galax, VA
BFI-2016-00004	Temple Mortgage, L.L.C. - Alleged violation of VA Code § 6.2-1624
BFI-2016-00023	In Re: Annual assessment of financial institutions under Chapters 8 and 11 of Title 6.2 of the Code of Virginia (Banks)
BFI-2016-00024	In Re: Assessment of industrial loan associations under Chapter 14 of Title 6.2 of the Code of Virginia (industrial loan companies)
BFI-2016-00048	In re: proposed amendments to rules Governing Mortgage Lenders and Mortgage Brokers
BFI-2016-00061	Washington Home Mortgage, LLC - Alleged violation of VA Code §§ 6.2-1619 and 6.2-1612.

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BFI-2016-00062 Alan Sagatelyan & Parkside Lending - Alleged violation of VA Code § 6.2-1608  
 BFI-2016-00131 The Premier Mortgage Company, LLC - Alleged violation of 10 VAC 5-160-90 D  
 BFI-2017-00001 Timothy Scott Wenk, Premier Credit Consultants, and Premier Consulting Services - For alleged violation of VA Code §§ 6.2-1601 A, et al.  
 BFI-2017-00002 Universal Mortgage & Finance, Inc. - Alleged violation of VA Code § 6.2-1624, et al.  
 BFI-2017-00003 Patricia Lyn Arvielo - Alleged violation of VA Code § 6.2-1608  
 BFI-2017-00004 Service 1st Mortgage, Inc. - Alleged violation of VA Code § 6.2-1624  
 BFI-2017-00005 Brenda Ann Blair - Alleged violation of VA Code § 6.2-1620  
 BFI-2017-00006 Rhonda L. Wyland - Alleged violation of VA Code § 6.2-1620  
 BFI-2017-00007 David R. Burrus - Alleged violation of VA Code § 6.2-1620  
 BFI-2017-00008 N A Nationwide Mortgage Corp. (Used in Virginia by N A National Wide Mortgage) d/b/a Nationwide Mortgage, - Alleged violation of VA Code § 6.2-1624  
 BFI-2017-00009 In re: annual assessment of credit unions under Chapter 13 of Title 6.2 of the Code of Virginia  
 BFI-2017-00010 MetFund Mortgage Corporation & Stephen Myers - Alleged violation of VA Code § 6.2-1604  
 BFI-2017-00011 Timothy Scott Wenk d/b/a Premier Credit Consultants, a/k/a Premier Consulting Services, a/k/a Tim Scott - Alleged violation of VA Code §§ 6.2-1601, et al.  
 BFI-2017-00012 Jonathan Quin - Alleged violation of VA Code § 6.2-1914  
 BFI-2017-00013 In re: amendments to motor vehicle title lending regulations  
 BFI-2017-00014 Pursuant to VA Code § 6.2-1532, et al. consumer finance companies annual assessment for fiscal year 2017  
 BFI-2017-00015 Pursuant to VA Code § 6.2-1612, et al. mortgage lenders and brokers annual assessment for fiscal year 2017  
 BFI-2017-00016 William S. Nunemaker - Alleged violation of VA Code § 6.2-1608  
 BFI-2017-00017 In re: Credit Counseling Assessment pursuant to VA Code §§ 6.2-2012, et al.  
 BFI-2017-00018 Ocwen Loan Servicing, LLC - Alleged violation of VA Code §§ 6.2-1619 & 6.2-1622  
 BFI-2017-00020 Vijay K. Taneja - Alleged violation of VA Code § 6.2-1620  
 BFI-2017-00021 Annual assessment of banks and savings institutions Pursuant to VA Code §§ 6.2-908  
 BFI-2017-00022 Annual assessment of industrial loan associations pursuant to VA Code §§ 6.2-1414  
 BFI-2017-00023 Stop & Go, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00024 Star, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00025 Firas Alqublan - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00026 Pine Supermarket, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00027 Mark Investments, Inc. d/b/a Fine Food Superette - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00029 CW Financial of VA LLC d/b/a Payday USA- Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00030 Unidos Supermarket, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00031 Herbert L. Armstrong d/b/a Wayside Grocey - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00032 Johnny Turner d/b/a Qwik Stop #1 - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00033 Maria C. Argueta d/b/a Latino's Market - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00034 R.S.A. Enterprises, Inc. d/b/a RS Express - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00035 Government Food Store Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00036 EZ Payday Loans of Virginia LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00037 Sridharan Krishnaswami - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00038 Josefina Corporation - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00039 C.M. Patel & Sons, Inc. d/b/a Fast Stop - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00040 Tasley, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00041 Jessys Groceries, Inc. d/b/a Jessys Grocery Store - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00042 Kailash Kaur d/b/a Potomac Satellite and Check Cash - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00043 Jose D. Castro d/b/a Tienda La Central - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00044 Lake Anne Market LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00045 Muawia Abdel Jalil d/b/a Community Shop In - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00046 Lindo Amanecer, Latino Market, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00048 Royal JC Enterprises, LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00049 Mi Tierra Mercado Latino, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00050 Fast Break Convenience Stores, Inc - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00051 Jessica M. Cabrera d/b/a Oficina Multi Servicios de Taxes - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00052 Richard C. Phillippi d/b/a In & Out Check Cashing - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00053 Miguel Rodriguez - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00054 Ruth Y. Lopez - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00055 Variedades Dolores Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00056 Discount Mart - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00057 La Tapatia, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00058 Jose F. Nina - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00059 Waverly Stores, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00060 Alfonso Recalde - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00061 I. Andrade's Corporation - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00062 Sunshine Business Ventures, LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00063 Sonia Mendoza Martinez - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00064 Sara Investments, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00065 Airport Currency Exchange, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00067 El Mercadito, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00068 Damian Lopez - Alleged violation of VA Code § 6.2-2103

BFI-2017-00069 Prasad mart llc - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00070 LBLD Treasury Services Ltd. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00072 DR Check Cashed Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00073 Rodriguez Enterprises, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00074 Americana Grocery of VA Fairfax, LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00077 5 de Mayo Grocery Store, LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00078 H Group Solutions, Inc. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00079 M NASA INC. - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00080 Express Service LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00083 Infinity Cash Express, LLC - Alleged violation of VA Code § 6.2-2103  
 BFI-2017-00086 In Re: Annual assessment of licensees under Chapter 19 of Title 6.2 of the Code of Virginia  
 BFI-2017-00109 American Mortgage Brokers, LLC - Alleged violation of VA Code § 6.2-1619  
 BFI-2017-00110 American Standard Mortgage, LLC - Alleged violation of VA Code § 6.2-1619  
 BFI-2017-00113 Johnny Carr - Alleged violation of VA Code § 6.2-1619  
 BFI-2017-00126 OneCity Mortgage LLC - Alleged violation of VA Code § 6.2-1619  
 BFI-2017-00133 Robyn Graves - Alleged violation of Va Code §§ 6.2-1608  
 BFI-2017-00134 ResMac, Inc. d/b/a ResMac - Alleged violation of 10 VAC 5-160-90 D, et al.  
 BFI-2017-00135 Federal Hill Mortgage Company, LLC - Alleged violation of 10 VAC 5-160-90 D, et al.

**CLK****CLERK'S OFFICE**

CLK-2017-00001 Election of Chairman pursuant to VA Code § 12.1-7  
 CLK-2017-00002 Nationstar Mortgage, Inc. - for order of involuntary termination of corporate existence pursuant to VA Code § 13.1-753  
 CLK-2017-00003 C2 Custom Canvas LLC - For order of cancellation under VA Code § 13.1-1047 of the Code  
 CLK-2017-00004 In re: Amending Uniform Commercial Code Filing Rules

**INS****BUREAU OF INSURANCE**

INS-2016-00048 Strategic National Title Group, LLC - Alleged violation of VA Code §§ 38.2-1813 and 55-525.20, et al.  
 INS-2016-00049 Option-1 Title & Escrow, LLC - Alleged violation of VA Code §§ 38.2-1813 and 55-525.20, et al.  
 INS-2016-00065 MD-Individual Practice Association, Inc. - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2016-00080 Adam John Dargie - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2016-00144 Tyrone B. Muhammad - Petition for Declaratory Judgment.  
 INS-2016-00199 Erik Lee Brockdorff, II - Alleged violation of VA Code § 38.2-518 (F)  
 INS-2016-00210 Edward Sloan Gay - Alleged violation of VA Code § 38.2-512 A  
 INS-2016-00221 Optimum Choice, Inc. - Alleged violation of Virginia Code §§ 38.2-502, et al.  
 Christopher Brandon Ayers - for alleged violations of §§ 38.2-512 A and B of the Code of Virginia  
 INS-2016-00238 Graham Hutson Messer - Alleged violation of VA Code §§ 38.2-512 (A), et al.  
 INS-2016-00240 Kyle Douglas Bedwell - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2016-00243 Jada Lauren Sims - Alleged violation of Va Code § 38.2-1831(1)  
 INS-2016-00248 Southern Title Insurance Corporation - For Orders Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date, and Approving Proposed Assumption Agreement.  
 Andrew Link - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2016-00269 Valerie Diane Beverley - Alleged violation of VA Code §§ 38.2-1804, et al.  
 INS-2016-00271 Charles K. Bennett - Alleged violation of VA Code § 38.2-518(F)  
 INS-2016-00273 Osvaldo D. Siles - Alleged violation of VA Code § 38.2-1822  
 INS-2016-00276 Wendy Granados - Alleged violation of VA Code § 38.2-518 F  
 INS-2016-00277 Jeffery Lewis - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)  
 INS-2016-00279 Matthew Panzer - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)  
 INS-2016-00287 Judith C. West - Alleged violation of VA Code §§ 38.2-512A, 38.2-1804 and 38.2-1813A and B  
 INS-2016-00288 Richard Everette Lee - Alleged violation of VA Code §§ 38.2-512A and 38.2-1813A  
 INS-2016-00293 Valic Financial Advisors Inc. - Alleged violation of VA Code §§ 38.2-1826 C and 38.2-1831 (1)  
 INS-2017-00001 Thuan Quoc Ngo - Alleged violation of VA Code § 38.2-1809  
 INS-2017-00002 United Healthcare Insurance Company - Alleged violation of VA Code §§ 38.2-502, et al.  
 INS-2017-00003 National Union Fire Insurance Company of Pittsburgh, PA - Alleged violation of VA Code §§ 38.2-317, et al.  
 INS-2017-00004 West Virginia National Auto Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, et al.  
 INS-2017-00006 Titleworks, Inc. - For alleged violation of VA Code § 55-525.24 A  
 INS-2017-00007 Vantage Point Title, Inc. - Alleged violation of VA Code § 55-525.24 A  
 INS-2017-00008 Ledarius Dobie - Alleged violation of VA Code §§ 38.2-1809 and 38.2-1826  
 INS-2017-00009 John George Reedy - Alleged violation of VA Code §§ 38.2-1831(1) and 38.2-1831 (3)  
 INS-2017-00010 Stillwater Insurance Company - Alleged violation of VA Code §§ 38.2-317 and D  
 INS-2017-00011 UT Fredericksburg, LLC d/b/a Universal Title, Fredericksburg - Alleged violations of Virginia Code §§ 55-525.20, et al.  
 INS-2017-00012 Harriett Thomas - Alleged violation of VA Code § 38.2-512 (A)  
 INS-2017-00013 Kelley Davis Brake - Alleged violation of VA Code § 38.2-1822  
 INS-2017-00014 Virginia Ann Hoyt - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00015 Old Republic National Title Insurance Company - Petition for Review of Deputy Receiver's Determination of Appeal.  
 INS-2017-00016 Larry Bennett Thomas - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)  
 INS-2017-00018 Patrick Jason Mallory - Alleged violation of VA Code §§ 38.2-512 A and B  
 INS-2017-00019 Central Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 D

INS-2017-00020 Philadelphia Indemnity Insurance Company, #18058, Alleged violation of VA Code § 38.2-317  
 INS-2017-00021 James R. Clark, Jr. - Alleged violation of VA Code § 38.2-512B  
 INS-2017-00022 RiverSource Life Insurance Company - For approval of settlement agreement Pacific Life Insurance Company - for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA  
 INS-2017-00023 MSH Title, Ltd. - Alleged violation of VA Code §§ 38.2-1812 B, 38.2-1822 A, and 38.2-1822 C  
 INS-2017-00024 Gray Reed & McGraw f/k/a Looper Reed & McGraw - Petition for Review of Deputy Receiver's Determination of Appeal.  
 INS-2017-00025 Allied Property & Casualty Insurance Company, et al. - Alleged violation of 14 VAC 5-400-70 D  
 INS-2017-00026 State Farm Mutual Insurance Company & State Farm Fire and Casualty Company - Alleged violation of VA Code §§ 38.2-305 A, et al.  
 INS-2017-00028 In re: Approval of a Regulatory Settlement Agreement with Assurant, Inc., and its Affiliates  
 INS-2017-00029 In re: Approval of a Regulatory Settlement Agreement with National General Holding Corporation, and its Affiliates  
 INS-2017-00030 Angela Espinoza - Alleged violation of VA Code §§ 38.2-503, et al.  
 INS-2017-00031 Nancy Morrison Foster - Alleged violation of VA Code § 38.2-1804  
 INS-2017-00032 In the matter of Amending the Rules Governing the Implementation of the Individual Accident and Sickness Insurance Minimum Standards Act with Respect to Specified Disease Policies  
 INS-2017-00033 Richard Reid Frith II - Alleged violation of VA Code §§ 38.2-1826, et al.  
 INS-2017-00034 Christina D. Brown - Alleged violation of VA Code §§ 38.2-512 B, et al.  
 INS-2017-00035 Natalie A. McKenzie - Alleged violation of VA Code § 38.2-1826 (b)  
 INS-2017-00036 Mark Daniel Butler - Alleged violation of VA Code §§ 38.2-512 (A), et al.  
 INS-2017-00038 Adam Donald Swift - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00039 Sherika L. Brantley - Alleged violation of VA Code § 38.2-1826  
 INS-2017-00040 Michael J. Barnum - Alleged violation of VA Code § 38.2-512  
 INS-2017-00041 Rebecca J. Gloudeman - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00042 David Alan Morris - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)  
 INS-2017-00043 Dennis Wade Drinkard, Jr. - Alleged violation of VA Code §§ 38.2-512 (B), et al.  
 INS-2017-00045 Jackie King Drinkard - Alleged violation of VA Code §§ 38.2-512 (B), et al.  
 INS-2017-00046 Seneca Insurance Company Inc. - Alleged violation of VA Code §§ 38.2-1906 D  
 INS-2017-00047 Douglas W. Osher - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00048 Selective Insurance Company of America, Selective Insurance Company of South Carolina and Selective Insurance Company of the Southeast - Alleged violation of VA Code § 38.2-1906 D  
 INS-2017-00049 Daimen Fleming - Alleged violation of VA Code § 38.2-1826  
 INS-2017-00050 In re: presentations of premium rates in connection with health insurance coverage issued in the individual and small group markets  
 INS-2017-00051 Nikyia R. Parker - Alleged violation of VA Code §§ 38.2-1809, 38.2-1826 (A) and 38.2-1831 Subsections 2 and 10  
 INS-2017-00052 Fiona Shantel Smith - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831(1)  
 INS-2017-00054 Teresa Ann Crawford - Alleged violation of VA Code § 38.2-1813  
 INS-2017-00055 Greta Denise Davis - Alleged violation of VA Code §§ 38.2-512, 38.2-1826, 38.2-1831 (2) and 38.2-1831 (10)  
 INS-2017-00056 Paul McClellan Goff - Alleged violation of VA Code §§ 38.2-1826 (A) and 38.2-1826 (B)  
 INS-2017-00057 James Valentino Johnson - Alleged violation of VA Code §§ 38.2-1831 (1), 38.2-1831 (3) and 38.2-1831 (9)  
 INS-2017-00058 Carlos A. Myers - Alleged violation of VA Code § 38.2-512  
 INS-2017-00059 National Council on Compensation Insurance, Inc. - Application to revise loss costs and assigned risk rates 2017  
 INS-2017-00060 Public Service Insurance Company - Alleged violation of VA Code § 38.2-1040  
 INS-2017-00061 Peak Settlements, LLC - Alleged violation of VA Code § 55-525.30 A  
 INS-2017-00062 Virginia Farm Bureau Town & Country Insurance Company, Virginia Farm Bureau Fire and Casualty Insurance Company and Virginia Farm Bureau Mutual Insurance Company - Alleged violation of VA Code §§ 38.2-511, et al.  
 INS-2017-00063 E. Chimene Hawes - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00066 Tam Ngo - Alleged violation of VA Code § 38.2-1831 (1)  
 INS-2017-00068 Larthenia James - Alleged violation of VA Code §§ 38.2-512 A, et al.  
 INS-2017-00069 Versatile Title and Escrow, LLC - Alleged violation of VA Code § 55-525.24  
 INS-2017-00070 Meaghan Rachel Ange - Alleged violation of VA Code §§ 38.2-1813 and 38.2-1826  
 INS-2017-00072 Ariel M Hessing - Alleged violation of VA Code § 38.2-406  
 INS-2017-00073 Arpan Parikh - Alleged violation of VA Code § 38.2-406  
 INS-2017-00074 Barry Flynn Carson - Alleged violation of VA Code § 38.2-406  
 INS-2017-00075 Brian C. Fleming - Alleged violation of VA Code § 38.2-406  
 INS-2017-00076 Christopher William - Alleged violation of VA Code § 38.2-406  
 INS-2017-00077 David Jeffrey Segal - Alleged violation of VA Code § 38.2-406  
 INS-2017-00078 Gadi Binness - Alleged violation of VA Code § 38.2-406  
 INS-2017-00079 Gary Dubois - Alleged violation of VA Code § 38.2-406  
 INS-2017-00080 Gregory Pierce Morris - Alleged violation of VA Code § 38.2-406  
 INS-2017-00081 Henry Stuart Risman - Alleged violation of VA Code § 38.2-406  
 INS-2017-00082 Jack Rosmarin - Alleged violation of VA Code § 38.2-406  
 INS-2017-00083 James Albert Gibson - Alleged violation of VA Code § 38.2-406  
 INS-2017-00084 James Kenneth Hughes - Alleged violation of VA Code § 38.2-406  
 INS-2017-00085 James T. Martin, III - Alleged violation of VA Code § 38.2-406  
 INS-2017-00086 Jay K. Levy - Alleged violation of VA Code § 38.2-406  
 INS-2017-00087 Joel A. Sauls - Alleged violation of VA Code § 38.2-406  
 INS-2017-00088 John A. Witherspoon, IV - Alleged violation of VA Code § 38.2-406  
 INS-2017-00089 John Curtis Engler - Alleged violation of VA Code § 38.2-406  
 INS-2017-00090 Justine White Falletta - Alleged violation of VA Code § 38.2-406  
 INS-2017-00091 Kristie Deann Campos - Alleged violation of VA Code § 38.2-406  
 INS-2017-00092 Mona Chustz Jewell - Alleged violation of VA Code § 38.2-406

INS-2017-00093 Nicole C. Medina - Alleged violation of VA Code § 38.2-406  
 INS-2017-00094 Peter Gerard - Alleged violation of VA Code § 38.2-406  
 INS-2017-00095 Robert Perry Harling - Alleged violation of VA Code § 38.2-406  
 INS-2017-00096 Rod Moore - Alleged violation of VA Code § 38.2-406  
 INS-2017-00097 Sharon Rose Hayward - Alleged violation of VA Code § 38.2-406  
 INS-2017-00098 Sheri Marie Pontolillo - Alleged violation of VA Code § 38.2-406  
 INS-2017-00099 Tristan A. Compton - Alleged violation of VA Code § 38.2-406  
 INS-2017-00100 William Mecklenburg - Alleged violation of VA Code § 38.2-406  
 INS-2017-00101 A David Risman Insurance - Alleged violation of VA Code § 38.2-406  
 INS-2017-00102 Aegis Insurance - Alleged violation of VA Code § 38.2-406  
 INS-2017-00103 HGR Group Inc - Alleged violation of VA Code § 38.2-406  
 INS-2017-00105 Moores Financial Group - Alleged violation of VA Code § 38.2-406  
 INS-2017-00107 Moving Insurance LLC - Alleged violation of VA Code § 38.2-406  
 INS-2017-00108 Steven Craig Reed - Alleged violations of VA Code §§ 38.2-3103, 38.2-512 A and B, and 38.2-1831 (10)  
 INS-2017-00109 Anthem Health plans of Virginia, Inc. and Healthkeepers, Inc. - Petition to Offer Anthem Health guide Program to Southern States Cooperative Insured Healthcare Plan from Locations outside of Virginia.  
 INS-2017-00110 Christopher Michael Fitzgerald - Alleged violation of VA Code § 38.2-512  
 INS-2017-00112 Susana Magalhaes - Alleged violation of VA Code § 38.2-406  
 INS-2017-00113 Ex Parte: In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of surplus lines brokers for the assessable year 2016  
 INS-2017-00114 Jonathan Brian Cozens -- Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00115 Kevin Michael Topper - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00117 Art Hauser Insurance Inc. - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00119 Joseph M. Worrall - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00120 Medsupps Solutions LLC - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00122 Raymond Brent Bittner - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00123 Donna Marie Mis - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00125 Timothy Fuller Tresca - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00126 James Blick - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00131 Margarita Magdalena Dilone - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00133 Joy Ann Johnston Keller - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00137 Smitha Viswambharan - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00139 Robert S Schirmer, Sr. - Alleged violation of VA Code §§ 38.2-403 and 38.2-406  
 INS-2017-00141 Ex Parte: In the matter of Amending the Rules Governing Minimum Standards for Medicare Supplement Policies  
 INS-2017-00142 Dominic F. Alessi - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)  
 INS-2017-00143 Christopher Alexander Garrick - Alleged violation of VA Code § 38.2-1822  
 INS-2017-00145 Ex Parte: In the matter of refunding overpayments of the Flood Prevention and Protection Assistance Fund assessment based on direct gross premium income of insurance companies for the assessable year 2016  
 INS-2017-00146 In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2016  
 INS-2017-00147 Ex Parte: In the matter of refunding overpayments of the Help Eliminate Automobile Theft (HEAT) Fund assessment based on direct gross premium income of insurance companies for the assessable year 2016  
 INS-2017-00148 Ex Parte: In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of one insurance company for the assessable year 2016  
 INS-2017-00149 In Re: Refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2016  
 INS-2017-00150 In Re: Refunding overpayments of the Virginia State Police, Insurance Fraud Fund assessment based on direct gross premium income of insurance companies for the assessable year 2015  
 INS-2017-00151 In the matter of refunding overpayments of the assessment for the maintenance of the Bureau of Insurance on direct gross premium income of insurance companies for the assessable year 2015  
 INS-2017-00152 Ex Parte: In the matter of refunding overpayments of the Fire Programs Fund assessment based on direct gross premium income of one insurance company for the assessable year 2015  
 INS-2017-00154 1st Choice Title, Inc., et al. - Alleged violation of VA Code §§ 38.2-1820 and 38.2-1826 E  
 INS-2017-00155 Reciprocal of America & The Reciprocal Group - Application for Approval of Wind-Down Matters  
 INS-2017-00156 Jason Adam Everett - Alleged violation of VA Code § 38.2-1826 C  
 INS-2017-00157 Unified Life Insurance Company - Alleged violation of 14 VAC 5-170-120 C  
 INS-2017-00159 American Strategic Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, et al.  
 INS-2017-00161 In Re: Adopting New Rules Governing Corporate Governance Annual Disclosures  
 INS-2017-00162 Logan Title, LLC - Alleged violation of Va Code § 55-525.24 (A)  
 INS-2017-00163 Dan Rex Hood, Jr. - Alleged violation of VA Code § 38.2-1809  
 INS-2017-00164 Anthony Ray Howard - Alleged violation of VA Code §§ 38.2-1822, 38.2-1831 (2) and 38.2-1831 (10)  
 INS-2017-00165 Sheryl Curtis Hood - Alleged violation of VA Code § 38.2-1809  
 INS-2017-00167 Daniel Mendez - Alleged violation of VA Code § 38.2-1826  
 INS-2017-00168 Aetna Life Insurance Company, Innovation Health Plan, Inc., Aetna Health Plan, Inc. and Innovation Health Insurance Company - Alleged violation of VA Code §§ 38.2-511, et al.  
 INS-2017-00169 Starr Indemnity and Liability Company - Alleged violation of VA Code §§ 38.2-305 B, et al.  
 INS-2017-00171 Kyle Thomas Mills - Alleged violation of VA Code §§ 38.2-512 and 38.2-1831  
 INS-2017-00172 Milestone Title, LLC - Alleged violation of VA Code § 38.2-1822 B  
 INS-2017-00173 U.S. Law Shield of Virginia, Inc. - Alleged violation of VA Code § 38.2-1301



INS-2017-00175	Daniel Mehari - Alleged violation of VA Code §§ 38.2-1826, et al.
INS-2017-00176	Lynly Savanna Jones - Alleged violation of VA Code § 38.2-512 (A)
INS-2017-00178	Tiffany Nicole Jackson & Insurance Matters LLC - Alleged violation of VA Code §§ 38.2-613.2, et al.
INS-2017-00179	Michael Edward Fitzpatrick - Alleged violation of VA Code §§ 38.2-518 (F), et al.
INS-2017-00180	State Auto Property and Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, et al.
INS-2017-00181	Amanda Lee Smith - Alleged violation of VA Code §§ 38.2-1826 (C), et al.
INS-2017-00182	Nathan M. Badwoski - Alleged Violation of VA Code § 38.2-1822 A
INS-2017-00184	Federal Insurance Company, #20281 and Great Northern Insurance Company, #20303 - Alleged violation of Va Code § 38.2-906 D
INS-2017-00185	Liberty Insurance Corporation, #42404, Liberty Mutual Fire Insurance Company, #23035 and The First Liberty Insurance Corporation, #33588 - Alleged violation of Va Code § 38.2-1906 D
INS-2017-00186	Ex Parte: In the matter of Adopting New Rules Governing Term and Universal Life Insurance Reserve Financing
INS-2017-00187	Mario A. Rodas - Alleged violation of VA Code §§ 38.2-1826 (B), et al.
INS-2017-00188	Tonya Brand, Evans Brand & Associates, Inc. - Alleged violation of VA Code §§ 38.2-509, et al.
INS-2017-00189	Angela Woodlief - Alleged violation of VA Code §§ 38.2-509, 38.2-512 A
INS-2017-00190	United Services Automobile Association, USAA Casualty Insurance Co, USAA General Indemnity Co and Garrison Property & Casualty Insurance Co - Alleged violation of VA code §§ 38.2-317 A, et al.
INS-2017-00191	Joseph W Grabar - Alleged violation of VA code § 38.2-1822
INS-2017-00192	Randall A. Cagle - Alleged violation of VA Code § 38.2-1831 (1)
INS-2017-00193	Donegal Mutual Insurance Co. & Southern Insurance Company of Virginia - Alleged violation of VA Code § 38.2-317
INS-2017-00194	First Source Title Agency, Inc. - Alleged violation of VA Code § 55-525.20
INS-2017-00195	Donnell Noah Bowen - Alleged violation of VA Code § 38.2-512 (B)
INS-2017-00196	Mary Esther Boyd 7 Meadows of Dan Insurance Agency - Alleged violation of VA Code §§ 38.2-1809, et al.
INS-2017-00197	Keith Hamilton Cannon & Cortland Management LLC - Alleged violation of VA Code §§ 38.2-512 (A), et al.
INS-2017-00198	Scott R. Magnuson - Alleged violation of VA Code § 38.2-1831 (1)
INS-2017-00199	Southern Title Insurance Corporation - Application for final order approving and ratifying record retention schedule
INS-2017-00200	Progressive Direct Insurance Company and Progressive Universal Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2017-00201	Tam Ngo - Alleged violation of VA Code § 38.2-512
INS-2017-00202	Ex Parte: In the matter of Amending the Rules Governing Claims-Made Liability Insurance Policies
INS-2017-00203	Linda Faye Moore - Alleged violation of VA Code § 38.2-512
INS-2017-00204	Adriana Breann Johnston - Alleged violation of VA Code § 38.2-512
INS-2017-00206	United States Fire Insurance Company - Alleged violation of VA Code §§ 38.2-316 A, et al.
INS-2017-00207	Jessica Elaine Edney - Alleged violation of VA Code § 38.2-1826 (C)
INS-2017-00210	Kevon L. White - Alleged violation of VA Code § 38.2-1831 (1)
INS-2017-00211	Shannon Johnson Mayes - Alleged violation of VA Code § 38.2-512
INS-2017-00212	Ryan Lewis - Alleged violation of VA Code § 38.2-502
INS-2017-00213	Aetna Health, Inc. - Alleged violation of VA Code § 38.2-3407.4
INS-2017-00214	American Fire and Casualty Company, Ohio Security Insurance Company, The Ohio Casualty Insurance Company and West American Insurance Company - Alleged violation of VA Code §38.2-1906 D
INS-2017-00216	Hartford Accident and Indemnity Co., Hartford Casualty Insurance Company, Hartford Fire Insurance Co., Hartford Insurance Co. of The Midwest, Hartford Underwriters Insurance Co., Property and Casualty Insurance Co. of Hartford, Sentinel Insurance Co., LTD., Trumbull Insurance Co., Twin City Fire Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2017-00217	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. - Alleged violation of VA Code §§ 38.2-502, et al.
INS-2017-00222	Liberty Bankers Life Insurance Company - Petition for Consent to Transfer Insurance Policies pursuant to Subsection C of 38.2-136.C
INS-2017-00224	Anthony John Bell - Alleged violation of VA Code § 38.2-1831 (1)
INS-2017-00230	Halima Muhammad - Alleged violation of VA Code § 38.2-1826
INS-2017-00231	Donerio Williams - Alleged violation of VA Code §§ 13.2-1809 (A) and 38.2-1831 (1)
INS-2017-00234	Doris Elfriede Karras - Alleged violation of VA Code §§ 38.2-1826 (C), et al.
INS-2017-00235	The Goodman-Gable-Gould Company - Alleged violation of VA Code §§ 38.2-1845.13 A (1), et al.
INS-2017-00237	In Re: Approval of a Regulatory Settlement Agreement with QBE Holdings, Inc., and its Affiliates
INS-2017-00240	Guarantee Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2017-00241	Ex Parte: In the matter of Adoption of a Market Conduct Examination Report for American Association of Insurance Services
INS-2017-00246	American Strategic Insurance, Company - Alleged violation of VA Code § 38.2-1906 D

**PST****PUBLIC SERVICE TAXATION**

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PST-2017-00007	The Assessment of the Special Regulatory Revenue Tax on Railroad Companies for the Tax Year 2017
PST-2017-00008	The Assessment of the Rolling Stock Tax on Motor Vehicle Carriers for the Tax Year 2017
PST-2017-00009	The Assessment of the Special Regulatory Revenue Tax on Motor Vehicle Carriers and Virginia Pilots' Association for the Tax Year 2017
PST-2017-00010	The Assessment of the Special Regulatory Revenue Tax on Telecommunications Companies for the Tax Year 2017
PST-2017-00011	The Assessment of the Special Regulatory Revenue Tax and the State License Tax on Water Companies for the Tax Year 2017
PST-2017-00012	The Assessment of the Gross Receipts Subject to the Minimum Tax on Telecommunications Companies and Certain Electric Suppliers for the Tax Year 2017
PST-2017-00021	Waterford Telephone Company - Alleged violation of VA Code §§ 58.1-2628, et al.

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PUC-2015-00025	CoreTel Virginia, LLC - Alternative Dispute Resolution Petition
PUC-2016-00059	Communications Sales & Leasing, Inc., PEG Bandwidth VA, LLC and Talk America Services, LLC - Joint Application for Approval of a Pro Forma Change in Indirect Ownership
<b>PUE</b>	<b>DIVISION OF ENERGY REGULATION</b>
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PUE-2016-00107	Virginia-American Water Company - 2016 AIF
PUE-2016-00140	Appalachian Natural Gas Distribution Company, ANGD, LLC, Utility Pipeline, Ltd. and Utility Pipeline Limited Holding Company - Joint Application for approval to Refinance Long Term Debt Under Chapter 3 and 4 of Title 56 of the Code of Virginia
PUE-2016-00142	Aqua Wintergreen Valley Utility Company, d/b/a Aqua Virginia – for a rate increase
PUE-2016-00145	Atmos Energy Corporation - For authority of to issue common stock
PUE-2016-00146	Toll Road Investors Partnership II, L.P. - Application for an increase in tolls
PUE-2016-00147	Washington Gas Light Company - Application for Authority to Engage in an Affiliate Transaction pursuant to § 56-76 et seq. of the Code of Virginia
<b>PUR</b>	<b>PUBLIC UTILITY REGULATION</b>
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PUR-2017-00003	Virginia Natural Gas, Inc. & AGL Services Company - Application for approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00004	Washington Gas Light Company - Annual Informational for Fiscal Year 2016
PUR-2017-00005	Rappahannock Electric Cooperative and The Potomac Edison Company - Joint Petition for Authority to Sell and Acquire Utility Assets
PUR-2017-00006	FairPoint Communications, Inc., et al - Joint Petition for approval of a transfer of control pursuant to the utility Transfers Act, VA Code § 56-88 et seq.
PUR-2017-00007	Level 3 Communications LLC, et al. - Joint Petition for approval for the indirect transfer of control of Level 3 Communications, LLC, et al.
PUR-2017-00008	CenturyLink Communications LLC - Petition Against Lumos Telephone Inc. for Relief from Unlawful Charges
PUR-2017-00009	Atmos Energy Corporation - Annual Informational Filing
PUR-2017-00010	Columbia Gas of Virginia, Inc. - 2016 Annual Informational Filing for 2016
PUR-2017-00011	Virginia-American Water Company and AWL Inc. - Application for approval of insurance related arrangement under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00012	Appalachian Natural Gas Distribution Company - 2016 AIF
PUR-2017-00013	Virginia Electric and Power Company and Dominion Cove Point LNG, LP - For exemption from or approval to enter into a transmission and distribution easement agreement pursuant to VA Code § 56-77
PUR-2017-00015	AMCS LLC - Application for a CLEC and IXC
PUR-2017-00016	FairPoint Communications, Inc., et al. - Joint Application for authority to enter into financing arrangements under Chapters 3 & 4 of title 56 of the Code of Virginia
PUR-2017-00017	Aqua Utility Captain's Cove, Inc. - For Rate Increase
PUR-2017-00018	Aqua Virginia, Inc., et al. - Joint Petition for approval of a Change in Control of Utility Assets
PUR-2017-00019	Sprint Communications Company of Virginia Inc. - Notification of Intra-Company Change at Holding Company Level
PUR-2017-00020	SouthStar Energy Services LLC d/b/a Virginia Retail Energy - Application for a license to do business as a competitive service provider of gas supply service and \$250 check for filing fee
PUR-2017-00021	TNCI Operating Company LLC - For cancellation of Certificate of Public Convenience and Necessity
PUR-2017-00022	Virginia Natural Gas, Inc. and Pivotal Propane of Virginia, Inc. - For authority to enter into a temporary construction easement pursuant to VA Code § 56-76 et seq.
PUR-2017-00024	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to Revise Fuel Factor
PUR-2017-00026	Western Virginia Water Authority, et al - Petition for Approval of a Transfer of a Public Utility
PUR-2017-00027	Columbia Gas of Virginia Inc - Application for an experimental Multifamily Line Extension Program pursuant to § 56-234 and for a waiver of provisions of Rule 20 VAC 5-303-20
PUR-2017-00029	TDS Telecom and Citizens Telephone Cooperative - Interconnection Agreement
PUR-2017-00030	Stand Energy Corporation - Application for Licensure as an Electricity Aggregator and \$250 check for filing fee
PUR-2017-00031	Appalachian Power Company - For approval of a Wind G rate adjustment clause pursuant to VAC 5 201 10 A
PUR-2017-00032	TDS Telecom & Teleport Communications America, LLC - Interconnection Agreement
PUR-2017-00033	Chickahominy Power, LLC - For a Certificate of Public Convenience and Necessity to Construct and Operate an Electric Generating Facility in Charles City County Pursuant to VA Code § 56-580 D
PUR-2017-00034	Lumos Networks Corp., et al - Joint Petition for approval to transfer control pursuant to the Utility Transfers Act, VA Code § 56-88 et seq.
PUR-2017-00035	Power-Mark Resources LLC - Application for license to do business as an electricity and gas aggregator and \$250 check for filing fee
PUR-2017-00036	Southside Electric Cooperative - For authority to issue securities
PUR-2017-00037	Virginia Electric and Power Company and Rappahannock Electric Cooperative - Joint Petition for approval of the sale and purchase of utility assets pursuant to Virginia Code § 56-88 et seq.
PUR-2017-00038	Virginia Electric and Power Company - Application for determination of the fair rate of return on common equity to be used as the general rate of return applicable to its rate adjustment clauses pursuant to § 56-585.1:1 C of the Code of Virginia

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PUR-2017-00039	Appalachian natural Gas Distribution Company - Petition for approval of a transfer of assets
PUR-2017-00040	Virginia Electric and Power Company and Dominion Privatization Texas, LLC - Application for approval of Revised Affiliate Support Services Agreement under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00041	Appalachian natural Gas Distribution Company - For expedited approval of a special rate
PUR-2017-00043	Constellation Energy Gas Choice, Inc. - For a license to conduct business as a natural gas competitive service provider
PUR-2017-00044	Rappahannock Electric Cooperative - For a general rate increase
PUR-2017-00045	In re: Appalachian Power Company's - Integrated Resource Plan filing pursuant to VA Code § 56-597 et seq.
PUR-2017-00046	Virginia Electric and Power Company - For approval of customer rebilling and refund plan for certain demand meter billings
PUR-2017-00047	In Re: Adopting New Rules Governing the Evaluation, Measurement and Verification of the effects of utility-sponsored demand-side management programs
PUR-2017-00048	Green Energy Partners/Stonewall LLC - For amended certificate to reflect new corporate name
PUR-2017-00049	Washington Gas Light Company, WGL Holdings, Inc., and AltaGas, Ltd. - Joint Petition for approval of an acquisition of control of a public utility pursuant to the Utility Transfers Act., VA Code § 56-88 et seq.
PUR-2017-00051	Virginia Electric and Power Company's - Integrated Resource Plan filing pursuant to VA Code § 56-597 et seq.
PUR-2017-00052	Virginia Natural Gas, Inc. - For approval of its 2017 SAVE Rider Update
PUR-2017-00053	Kentucky Utilities Company d/b/a Old Dominion Power Company - Annual Informational Filing for Calendar Year 2016
PUR-2017-00054	Virginia Electric and Power Company - Petition for Declaratory Judgment and for Expedited Consideration
PUR-2017-00055	Broadview Networks Holdings, Inc., & Broadview Networks of Virginia, Inc., et al. - Joint Application for Approval of a Transfer of Control
PUR-2017-00056	Kentucky Utilities Company d/b/a Old Dominion Power Company - Integrated Resource Plan filing pursuant to VA Code § 56-597 et seq.
PUR-2017-00057	Application of Virginia Electric and Power Company For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia
PUR-2017-00058	Virginia Electric and Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUR-2017-00059	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2017-00060	Virginia Electric and Power Company - For approval of 100 percent renewable energy tariffs pursuant to VA Code §§ 56-577 A 5 and 56-234
PUR-2017-00061	Sierra Club - For a declaratory judgment and an order requiring a filing pursuant to §§ 56-77 and 56-84 of the Code of Virginia
PUR-2017-00062	PRX Energy - Application for a Natural Gas Aggregator license
PUR-2017-00063	BT Communications Sales of Virginia LLC - Petition for Authority for Abandonment or Discontinuance of the Provision of Local Exchange and Interexchange Telecommunications Services Within The Commonwealth of Virginia
PUR-2017-00064	Aqua Virginia, Inc. - For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia
PUR-2017-00065	Appalachian Power Company - Petition for approval of a rate adjustment clause for participation in the Renewable Energy Portfolio Program pursuant to §§ 56-585.1.A.5.d and 56-585.2.E of the Code of Virginia
PUR-2017-00066	Columbia Gas of Virginia, Inc. - Clarification of Service Territory in Augusta County, Virginia
PUR-2017-00067	Virginia Network Incorporated - Request canceling Certificates of Public Convenience and Necessity
PUR-2017-00068	Worthington Energy Consultants, LLC - Application for a license to conduct business as a competitive service provider
PUR-2017-00069	Massanutten Public Service Corporation - Rate Increase
PUR-2017-00070	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations For the Rate Year Commencing April 1, 2018
PUR-2017-00071	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider GV, Greensville County Power Station For the Rate Year Commencing April 1, 2018
PUR-2017-00072	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider R, Bear Garden Generating Station For the Rate Year Commencing April 1, 2018
PUR-2017-00073	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center For the Rate Year Commencing April 1, 2018
PUR-2017-00074	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider W, Warren County Power Station For the Rate Year Commencing April 1, 2018
PUR-2017-00075	Northern Virginia Electric Cooperative and Virginia Electric and Power Co. d/b/a Dominion Energy Virginia - For revision of service territory boundary lines pursuant to the Utility Facilities Act
PUR-2017-00076	In the matter of revising the Commission Rules Governing Enhanced 911 (E-911) Service
PUR-2017-00077	West Corporation, and Olympus Holdings II, LLC - Joint Petition for Approval of Transfer of Control-Streamlined Review Requested
PUR-2017-00078	Virginia Electric and Power Company d/b/a Dominion Energy Virginia - For approval and certification of electric facilities for Rebuild of Possum Point-Smoketown 115 kV Lines #18 and #145
PUR-2017-00079	Sunset Digital Communications, Inc., Sunset Fiber LLC and BVU Authority - Joint Petition for approval of the transfer of the telecommunications assets of BVU Authority
PUR-2017-00080	United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink and Cavalier Broadband LLC - Interconnection Agreement
PUR-2017-00081	Atmos Energy Corporation - Application for Approval of a Revised SAVE Plan True-Up Factor
PUR-2017-00082	Aqua Virginia, Inc. - Application for an Increase in Rates
PUR-2017-00083	Entrust Energy East, Inc. - Application for license to do business as a Competitive Service Provider of electricity in the Commonwealth of Virginia and \$250 check for application fee
PUR-2017-00084	Virginia Electric and Power Company and The Harrisonburg Electric Commission - Joint petition for authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUR-2017-00085	Direct Energy Services, LLC - Application for a license to do business as a competitive service provider of electricity to commercial, governmental & industrial customers in the Commonwealth of Virginia
PUR-2017-00086	Virginia-American Water Company - Application for an expedited review of new rules and regulations for the replacement of certain customer-owned service lines
PUR-2017-00087	GREENCROWN Energy, LLC. - Application for License to Conduct Business as a Competitive Service Provider

PUR-2017-00088	Washington Gas Light Company - Application for Authorization to Issue Long-Term Debt Securities and Preferred Stock, and Short-Term Debt
PUR-2017-00089	Rappahannock Electric Cooperative - For Authority to incur long-term indebtedness
PUR-2017-00090	Virginia Electric and Power Company and Cushaw Hydro LLC For authority to transfer utility assets and certification of the of the facilities pursuant to the Utility Facilities Act, VA Code § 56-265.1 et seq.
PUR-2017-00091	GTT Communications, Inc., GTT Americas, LLC, Pivotal Global Capacity, LLC & GC Pivotal, LLC - Joint Application for Approval to Transfer Control of GC Pivotal, LLC to GTT Americas, LLC pursuant to Code § 56-88 et seq.
PUR-2017-00092	Roanoke Gas Company - Application for approval to implement a 2018 SAVE Projected Factor Rate and True-Up Factor Rate
PUR-2017-00093	Virginia Natural Gas, Inc. and AGL Services Company - For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00094	Appalachian Power Company - Petition for approval to Extend two existing demand-side management programs, the Residential Low Income Weatherization Program and the Residential Peak Reduction Program
PUR-2017-00095	Columbia Gas of Virginia, Inc. - For approval to amend SAVE Plan
PUR-2017-00096	Virginia-American Water Company and American Water Works Company - Application for Authority to receive capital contributions from an affiliate
PUR-2017-00097	Virginia-American Water Company - For Approval to Issue Debt Securities
PUR-2017-00098	New River Group, LLC d/b/a Scioto Energy - Application for a License to Conduct business as an Aggregator
PUR-2017-00099	In the matter of amending regulations governing net energy metering
PUR-2017-00100	Appalachian Power Company and American Electric Power Service Corporation - Petition for Authority to Enter into an Affiliate Transaction Under Title 56 of Chapter 4 of the Code of Virginia and accompanying Request for Waiver
PUR-2017-00101	Northern Neck Electric Cooperative - Application for a general increase in electric rates
PUR-2017-00102	Washington Gas Light Company - Application for approval to amend SAVE Plan pursuant to VA Code § 56-604
PUR-2017-00103	Virginia Electric and Power Company and Atlantic Coast Pipeline, LLC - Application for Approval of Affiliate Agreements and Requests for Future Exemptions, Pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00104	CenturyLink and Onvoy Spectrum, LLC - Interconnection Agreement
PUR-2017-00106	Kentucky Utilities company d/b/a Old Dominion Power Company - For an Adjustment of Electric Base Rates
PUR-2017-00107	Crown Castle International Corp., Crown Castle Operating Company, LTS Group Holdings Merger Sub, Inc., LTS Group Holdings LLC and Lighttower Fiber Networks II, LLC - Joint Application for Approval of a Transfer of Control
PUR-2017-00108	Mecklenburg Electric Cooperative - Application for approval of Prepaid Electric Service Tariff
PUR-2017-00109	Reynolds Group Holdings Inc. - Application to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth
PUR-2017-00110	Appalachian Natural Gas Distribution Company, ANGD, LLC & Utility Pipeline, Ltd. - Joint Application for Approval of Affiliate Transactions Under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00111	Virginia Electric and Power Co., Dominion Energy Kewaunee, Inc., Dominion Energy Nuclear Connecticut, Inc., et al. - For approval of revised affiliate support services agreements & future exemptions under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00112	Plant Holdings, Inc., Airbus DS Communications of Virginia, Inc. and Motorola Solutions, Inc. - Joint Petition for Approval to Transfer Indirect Control
PUR-2017-00113	Wawa, Inc. - Application to aggregate our electric energy demand to become qualified to consider purchasing electric energy on a competitive basis
PUR-2017-00114	Virginia Electric and Power Company - For approval and Certification of Electric Facilities; Dooms - Valley Line #549 500 kV Transmission Line Rebuild
PUR-2017-00115	Northern Virginia Electric Cooperative & Virginia Electric and Power Company d/b/a Dominion Virginia Power - For revision of service territory boundary lines Map F48
PUR-2017-00116	Northern Virginia Electric Cooperative & Virginia Electric and Power Company d/b/a Dominion Virginia Power - For revision of service territory boundary lines Map C49
PUR-2017-00117	English Biomass Partners - Ferrum, LLC - Petition for Declaratory Judgment
PUR-2017-00118	Appalachian Power Company - Application Under Title 56, Chapter 3 of the Code of Virginia
PUR-2017-00119	Northern Virginia Electric Cooperative and Virginia Electric and Power Company d/b/a Dominion Energy Virginia - For revision of service territory boundary lines under the Utility Facilities Act Map G50
PUR-2017-00120	Appalachian Power Company - Confidential Version - Application to revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia
PUR-2017-00121	Appalachian Power Company and AEP Appalachian Transmission Company, Inc. - Petition for approval of an agreement between affiliates
PUR-2017-00122	Virginia Natural Gas, Inc. and Sequent Energy Management, L.P. - For approval of an Asset Management Agreement under Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00123	Allegheny Generating Company and Bath County Energy, LLC - For approval of transfer of utility
PUR-2017-00124	Bandwidth.com, Inc., Bandwidth.com CLEC, LLC and David A. Morken - Joint Application for Approval of the Transfer of Indirect control of Bandwidth.com CLEC, LLC
PUR-2017-00125	ZiTEL LLC - Application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUR-2017-00126	Appalachian Power Company - for approval of Rate Adjustment Clause pursuant to 56-585.1 A 5 c
PUR-2017-00127	Virginia Electric and Power Company - Application for revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations
PUR-2017-00128	Virginia Electric and Power Company - Application for revision of rate adjustment clause: Rider BW, Brunswick County Power Station
PUR-2017-00129	Virginia Electric and Power Company - Petition for approval to extend an existing demand-side management program and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia
PUR-2017-00130	Washington Gas Light Company - Application for Approval of Service Agreements
PUR-2017-00131	Virginia Electric and Power Company and Dominion Energy Services, Inc., - Application for approval of a revised support services agreement under Chapter 4 of Title 56 of the Code of Virginia

PUR-2017-00132	Ex Parte: In the matter of determining whether transmission line modification requires amended Certificate of Public Convenience and Necessity
PUR-2017-00134	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act Map N47
PUR-2017-00135	BARC Electric Cooperative & Reliable Energy, LLC - Joint Petition for approval of affiliate agreements pursuant to the Affiliates Act, VA Code § 56-76 et seq.
PUR-2017-00136	Cincinnati Bell Any Distance of Virginia LLC - For amended certificate to reflect corporate name change
PUR-2017-00137	Virginia Electric and Power Company - Application of for approval to establish experimental companion tariff, designated Schedule RF, pursuant to VA Code § 56-234 B
PUR-2017-00139	James A. Hampton, Georgetown Neighbors Against the Pipeline Project - Petition against Virginia Natural Gas Company
PUR-2017-00140	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act Map H46
PUR-2017-00141	Virginia Electric and Power Company d/b/a Dominion Energy Virginia & Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2017-00143	Virginia Electric and Power Company - Application of for Approval and Certification of Electric Facilities Idylwood-Tyson's 230 kV Single Circuit Underground Transmission Line, Tyson's Substation Rebuild and Related Transmission Facilities
PUR-2017-00144	RCVA, Inc. and RCLEC, Inc. - Joint Petition for Approval of a Pro Forma Intra-Corporate Transfer of Control
PUR-2017-00145	Virginia-American Water Company - Annual Information Filing
PUR-2017-00146	Southwestern Virginia Gas Company - Annual Informational Filing
PUR-2017-00147	Virginia Electric and Power Company and Dominion Energy Fuel Services, Inc., - Application for approval of a Revised Fuel Purchase, Sale and Services Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2017-00148	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - Application for Authority to Incur Short-Term Indebtedness with an Affiliate Pursuant to Chapter 3 and 4 of Title 56 of the Virginia Code. and \$250 check for filing fee
PUR-2017-00149	Virginia-American Water Company - Application for approval to implement an approved WWISC Plan and Rider
PUR-2017-00150	iGo Technology, Inc. - Application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUR-2017-00151	Northern Virginia Electric Cooperative and Virginia Electric and Power Company d/b/a Dominion Energy Virginia - For revision of service territory boundary line cert. Map C48
PUR-2017-00152	Appalachian Power Company - Petition for approval of an Affiliates Transaction on an Emergency Basis
PUR-2017-00153	The Energy Link LLC - Application for a License to Conduct Business as an Electric Aggregator
PUR-2017-00154	Joint Application of BCHI Holdings, LLC, Cbeyond, LLC, Fusion Telecommunications International, Inc., & et al. for Consent to a Transaction That Will Result in a Material Change to the Ownership & Control of Network Billing System, LLC
PUR-2017-00155	Virginia Natural Gas, Inc., Southern Company Gas, AGL Services Company, and Southern Company Gas Capital Corporation - Application for Authority to Issue Short-Term Debt, Long-Term Debt and Common Stock to an Affiliate under Chapters 3 and 4 of Title 56
PUR-2017-00156	Virginia Natural Gas, Inc. - Motion for a Waiver of Requirement to file an Annual Informational Filing for 2017
PUR-2017-00157	Virginia Electric and Power Company - Application for approval of 100 percent renewable energy tariffs for residential and non-residential customers pursuant to VA Code §§ 56-577 A.5 and 56-234
PUR-2017-00158	Virginia Electric and Power Company and Dominion Generation, Inc. - Application for approval of a Renewed Rotor Purchase and Sale Agreement pursuant to Chapter 4, Title 56 of the Code of Virginia, as amended
PUR-2017-00159	Prince George Sewerage & Water Co., Prince George Wastewater, LLC, et al. - Joint Petition for Authorization to Transfer Utility Securities Pursuant to the Utility Transfers Act, and for Expedited Approval of Joint Petition
PUR-2017-00160	Appalachian Power Company - Petition for approval to implement a renewable energy rider, Rider R.E.C.
PUR-2017-00161	A&N Electric Cooperative - for authority to refinance long-term debt
PUR-2017-00162	Pleinmont Solar, LLC, et al. - Joint Application for Certificates of Public Convenience and Necessity for a nominal 500 MW Solar Generating Facility in Spotsylvania County
PUR-2017-00163	Virginia Electric and Power Company - Application for approval to establish a companion tariff, designated Schedule RG pursuant to § 56-234 of the Code of Virginia
PUR-2017-00164	Appalachian Power Company - For approval of rate adjustment clause pursuant to VA Code § 56-585.1 A 4
PUR-2017-00165	Central Virginia Electric Cooperative - Application for approval of a Community Solar Tariff pursuant to Virginia Code § 56-585.1:3(C)
PUR-2017-00166	Joint Petition of Allegheny Generating Company and Allegheny Energy Supply Company, LLC - For approval of a disposition of control pursuant to the utility Transfers Act, VA Code § 56-88 et seq.
PUR-2017-00168	Appalachian Power Company - Complaint regarding license of English Biomass Partners-Ferrum, LLC to operate as a Competitive Service Provider
PUR-2017-00169	Atlantic Broadband Enterprise LLC - Application for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia
PUR-2017-00170	Columbia Gas of Virginia, Inc. and Washington Gas Light Company - For realignment of Service territories in Loudoun County, VA
PUR-2017-00171	MagicJack VocalTec Ltd., and B. Riley Financial, Inc. - Joint Petition for Approval of the Indirect Transfer of Control of YMax Communications Corp. of Virginia
PUR-2017-00172	Virginia Electric and Power Company and Dominion Energy Services, Inc. - Application for exemption from or approval to enter into a Bill of Sale Agreement under Chapter 4, Title 56 of the Code of Virginia
PUR-2017-00173	Wal-Mart Stores East, LP and Sam's East, Inc. - Petition for approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia within Virginia Electric and Power Company's Service Territory
PUR-2017-00174	Wal-Mart Stores East, LP and Sam's East, Inc. - Petition for approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia within Appalachian Power Company's Service Territory
PUR-2017-00178	Consolidated Communications Holdings, Inc., Consolidated Communications Inc., MJD Ventures, Inc., et al. - Joint Petition for approval of a transfer of control pursuant to the Utility Transfers Act, VA. Code § 56-88 et seq.
PUR-2017-00179	Appalachian Power Company - Application for approval of an 100% renewable energy rider pursuant to § 56-577 A.5 of the Code of Virginia

<b>SEC</b>	<b>DIVISION OF SECURITIES AND RETAIL FRANCHISING</b>
SEC-2015-00046	Craig B. Kendall & Financial Investments, Inc. - Alleged violation of VA Code §§ 13.1-503 B, et al.
SEC-2015-00064	Willie Earl Denton & Frantz Bouchereau - Alleged violation of VA Code § 13.1-507
SEC-2016-00034	Tate Felts - Alleged violation of VA Code §§ 13.1-502(2), et al.
SEC-2016-00037	Expansion Industries, LLC - Alleged violation of VA Code § 13.1-507
SEC-2016-00043	Maximized Living Health Centers, LLC - Alleged violation of VA Code §§ 13.1-560 and 13.1-563.4
SEC-2016-00044	Kline Franchising, Inc. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563.4
SEC-2016-00053	Joshua D. Stamm - Alleged violation of VA Code § 13.1-507
SEC-2016-00057	John R. Rothweiler & Megadance USA Corp - Alleged violation of VA Code § 13.1-560
SEC-2016-00059	Paws & Remember LLC & Mark R. Minnick - Alleged violation of VA Code § 13.1-560
SEC-2016-00061	Amazing Finish, LLC - Alleged violation of VA Code § 13.1-560
SEC-2017-00001	Kenneth Neil Perrin - Alleged violation of VA Code §§ 13.1-504 A, et al.
SEC-2017-00004	Jacob R. Alphin - Alleged violation of VA Code § 13.1-504
SEC-2017-00005	Bridgetown Fragrances, Inc. & Gerald K. Waters - Alleged violation of VA Code § 13.1-507
SEC-2017-00007	Tate Parker Felts and Wealth Financial Advisory Services, LLC. - For special supervision order
SEC-2017-00010	National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1 (B)
SEC-2017-00011	Brian Petruzzi - Alleged violation of VA Code § 13.1-560
SEC-2017-00013	Marriott International, Inc. - Application for Order of Exemption Request for Exemption Order from Franchise Registration
SEC-2017-00015	Christian Financial Resources, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2017-00016	Columbia Union Revolving Fund - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2017-00017	Mission Investment Fund of the Evangelical Lutheran Church in America - For order of exemption pursuant to VA Code § 13.1514.1 B
SEC-2017-00018	The Solomon Foundation - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2017-00021	Groundfloor Real Estate 1, LLC - For qualification order pursuant to VA Code § 13.1-510
SEC-2017-00022	NutriMost Doctors, LLC - Alleged violation of VA Code § 13.1-560
SEC-2017-00024	Capital Impact Partners - For registration of securities pursuant to VA Code § 13.1-510
SEC-2017-00025	Gregory Bodoh & Dominion Retirement Income Planning, Ltd. - Alleged violation of VA Code §§ 13.1-507, et al.
SEC-2017-00026	Los Taxes Inc. & Javier Solis - Alleged violation of VA Code §§ 13.1-560 and 13.1-563(4)
SEC-2017-00028	Wesleyan Investment Foundation - Alleged violation of VA Code § 13.1-514.1 B
SEC-2017-00030	Thomas Boehm and Montessori School Franchising, LLC - Alleged violation of VA Code §§ 13.1-560, 13.1-563 (4) and 13.1-563 (2)
SEC-2017-00031	Board of Church Extension of Disciples of Christ, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2017-00033	NEXT Financial Group, Inc. - Alleged violation of 21 VAC 5-20-260 (A), et al.
SEC-2017-00034	In Re: Promulgation of Securities Rules
SEC-2017-00040	DGOC Series 28, L.P. - for a Qualification Order under § 13.1-510 of the VA Code
SEC-2017-00041	DGOC Series 18 (B), L.P. - for a Qualification Order under § 13.1-510 of the VA Code
SEC-2017-00042	DGOC Series (C), L.P. - for Qualification Order under § 13.1-510 of the VA Code
SEC-2017-00043	Ian J. Kelly and Ian J. Kelly & Sugar Shack Donuts, LLC - Alleged violation of VA Code § 13.1-560
SEC-2017-00046	Lutheran Church Extension Fund-Missouri Synod - For order of exemption pursuant to VA Code § 13.1-514.1 B.
SEC-2017-00049	From the Heart Church Ministries, Inc. - for qualification order pursuant to VA Code § 13.1-510
SEC-2017-00050	In Re: Promulgation of Securities Franchise Rules
SEC-2017-00053	Wells Fargo Clearing Services, LLC d/b/a Wells Fargo Advisors - Petition for expungement of the CRD records of FINRA associated person Steffanie Burgevin.
SEC-2017-00055	Low Income Investment Fund - Alleged violation of VA Code § 13.1-5114.1.B
SEC-2017-00056	Steven Dale Heath - Order Imposing Special Supervisory Procedures
SEC-2017-00062	Charles Robert Cobb - For Special Supervisory Order

<b>URS</b>	<b>UTILITY AND RAILROAD SAFETY</b>
URS-2015-00150	MCP Enterprises, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.
URS-2015-00234	Garrett Johnson, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2015-00443	Anthony W. Bruce t/a Andy's Septic Tank & Backhoe Service - Alleged violations of §§ 56-265.18, et al.
URS-2016-00058	R. T. Smith, Individually & t/a Rufus Smith Jr. Contracting Company - Alleged violation of VA Code § 56-265.17 A
URS-2016-00099	El-X Enterprises - Alleged Violation of VA Code §§ 56-265.17 B.2., 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2016-00115	Larry Ingram, individually and t/a Atlas Rooter Ingram & Sons Plumbing - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
URS-2016-00130	Old School Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2016-00137	Monroy Construction & Landscaping Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2016-00142	Eastern Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2016-00162	Ayala Boring Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2016-00165	Wilmik, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2016-00170	JWS Communications, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2016-00184	Richardson-Wayland Electrical Company LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2016-00202	Coastal Construction Services, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2016-00207	Belletto Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.
URS-2016-00223	Safe MarkX, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2016-00242	Tidewater Fence Company LLC - Alleged violation of VA Code § 56-265.24 A
URS-2016-00263	Kidwell Fencing & Home Improvements, Inc. - Alleged violation of VA Code § 56-265.18; 20 VAC 5-309-180
URS-2016-00268	VMG Brothers, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2016-00269	Eddie Yates, Individually and t/a Yates Plumbing - Alleged violation of VA Code § 56-265.2 4A

URS-2016-00285 CB Landscape L.L.C. - Alleged violation of VA Code §§ 56-265.17 D, et al.  
 URS-2016-00287 IC Contracting LLC - Alleged violation of VA Code §§ 56-265.24A, et al.  
 URS-2016-00289 Albemarle Contractors, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2016-00292 D. A. Foster Company - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2016-00295 Rockett's Additions & Concrete LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2016-00296 Benjamin C. Shepherd t/a Coopers Creek Land and Lawn - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00301 Freedom Communications, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00303 MasTec Advanced Technologies - Roanoke - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00316 Mario Palacios - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00327 Touch of Class Fencing, Inc. - Alleged violation of VA Code § 56-265.17 B.2; 20 VAC 5-309-200  
 URS-2016-00331 K. A. Masonry - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00333 Buckley Cable Construction Co. - Alleged violation of VA Code §§ 56-265.17 B.2, et al.  
 URS-2016-00337 Richard Gibson, individually and t/a Gibson Concrete - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140(4)  
 URS-2016-00341 Don Bilbo Building Contractor, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A 20 VAC5-309-140(4)  
 URS-2016-00342 Perkinson Construction, L.L.C. - Alleged violation of 56-26.24A  
 URS-2016-00345 MasTec Advanced Technologies - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00347 N. Anderson Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00350 E. L. Blackwell Electric, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2016-00353 SBG Digital Inc. - Alleged violations of VA Code § 56-265.17A; 20 VAC 5-309-200  
 URS-2016-00355 Oscar R. Gomez, Individually and t/a Clarsons Masonry - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00363 Solutions Fiber Optic Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00364 Starcom Construction, LLC - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00368 Tree Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00370 APH Masonry, LLC - Alleged violations of VA Code §§56-265.17A and 24 A  
 URS-2016-00372 B & D Excavating Inc - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00377 A Walker Fence Company - Alleged violation of VA Code § 56-265.17 D  
 URS-2016-00387 Taddeo Homes, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00390 Field Inner Prizes LLC - Alleged violation of VA Code § 56-265.17A  
 URS-2016-00404 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e), et al.  
 URS-2016-00406 Global Services & Systems, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00410 Go Green, L.L.C. - Alleged violation of VA Code § 56-265.17 B 2  
 URS-2016-00417 Bryan Construction Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00422 DJ Fence LLC - Alleged violation of VA Code §§ 56-265.17B.2 and 56-265.24A  
 URS-2016-00423 Real Landscaping Care & Plus Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00425 Ruppert Landscape - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00431 Blair Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00432 Compton & Nichols Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00434 Forest Fencing Company, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00435 River Valley, Inc. - Alleged violation of VA Code §§ 56-265.24A (x4), et al.  
 URS-2016-00440 Virginia Equipment and Development, Inc. - Alleged violation of VA Code § 56-265.17 D  
 URS-2016-00445 Davis H. Elliot Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00455 KS Communications, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00461 ADDO Enterprises, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (4)  
 URS-2016-00462 Atlantic Constructors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00470 J.C.L., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00472 N. Chasen & Son Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00476 RM Nursery, Inc.- Alleged violation of VA Code §§ 56-265.17A, 56-265.24A; 20 VAC 5-309-140(4)  
 URS-2016-00477 Westview Companies, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140(4)  
 URS-2016-00478 Lakeside Concrete Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24 A  
 URS-2016-00479 Ovalle Construction LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24A  
 URS-2016-00481 Pro-Tech Utilities, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-150(8)  
 URS-2016-00483 All American Plumbers, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00487 Freddy Mendez - Alleged violation of VA Code § 56-265 17 A  
 URS-2016-00492 The Fishel Company - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140(4)  
 URS-2016-00500 Rainmakers Irrigation Systems Inc. - Alleged violation of Va Code §§ 56-265.17 D, 56-265.24 A; 20 VAC 5-309-140(4)  
 URS-2016-00502 Action Paving and Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00503 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A (x2)  
 URS-2016-00505 Masters Utilities LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140(4)  
 URS-2016-00508 Contracting Unlimited, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00510 F & S Hardscaping - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2016-00511 Fiber Technologies, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00513 Blue Ridge Pro Services, LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2016-00514 Caldwell Home Improvement - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00515 J. E. Liesfeld Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00519 Moffett Paving & Excavating Corp. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00523 SJ Cable - Alleged violation of VA Code § 56-265.18; 20 VAC 5-309-180  
 URS-2016-00524 Stone Creek Development, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00527 Arthur Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 C and 56-265.24 B  
 URS-2016-00534 Atmos Energy Corporation - Alleged violation of 49 CFR §§ 192-199(e), et al.

URS-2016-00535 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199(e), et al.  
 URS-2016-00537 E. E. Lyons Const. Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00538 Estate Contractors LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00539 Hanifans Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00540 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00541 Perry Engineering Company, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00542 Perfect Pool Service LLC - Alleged violation of VA Code §§ 56-265.17A and 56-265.24 A  
 URS-2016-00543 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00545 Stealth Construction, Incorporated - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00546 Newport Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00547 Mayorga Construction LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00548 A & J Development and Excavation, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00549 D N D Backhoe Service, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00550 Disparido & Cole, LLC - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00551 E. J. Wade Construction, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00553 G. L. Howard, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00554 Turnkey Building Services, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00556 Slurry Pavers, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00557 J. E. Liesfeld Contractor, Inc. - Alleged violations of VA Code §§ 56-265.24, et al.  
 URS-2016-00558 Kelvic Construction Company Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00559 Horizon Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00560 Experience Concrete Design, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00561 Environmental Quality Resources, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00562 East West Construction - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00563 Dominion Pools, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00565 L.L.G., LLC - Alleged violations of VA Code §§ 56-265.17, et al.  
 URS-2016-00566 Kevcor Contracting Corporation - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00567 Franklin Mechanical Contractors, Inc. - Alleged violation of VA Code § 56-265.17 B.2  
 URS-2016-00568 Watson Electrical Construction Co. LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00572 Pleasant View Developers, Inc. - Alleged violations of VA Code §§ 56-265.24A, et al.  
 URS-2016-00573 Bay Environmental Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00574 Catron Construction Company LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00575 H. C. Eavers & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00576 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2016-00577 JML, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00578 Kempsville Fence & Deck Co. LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00580 MasTec Advanced Technologies - Roanoke - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00581 CT & MJ Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00582 USA Pipe Repair of Virginia Incorporated - Alleged violation of VA Administrative Code § 20 VAC 5-309-90. B. 3.e.  
 URS-2016-00583 Team Lewis Construction LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00584 Stonewall Concrete Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00585 TMorgan Construction LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2016-00586 Three Strikes Enterprises - Alleged violation of VA Code § 56-265.18  
 URS-2016-00587 Thomas Cotten Landscaping & Excavating - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00588 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2016-00589 Resource Contracting, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00590 Pozzolanic Contracting and Supply Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00591 Alleghany Utility Construction, Inc. - Alleged violation of VA Code § 56-265.17 B.2  
 URS-2016-00592 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2016-00593 Copeland Excavation and Construction Company - Alleged violation of VA Code § 56-265.17 D  
 URS-2016-00594 Dirt Work Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00595 Driven Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00596 Hash Investments, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2016-00597 Southern Construction Utilities, Inc. t/a Southern Construction Co. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00598 H & H Enterprizes - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00599 Red Truck Contracting, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00600 I & E Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2016-00601 WCB Plumbing, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00602 M.T.S. Inc. - Alleged violation of VA Code § 56-265.17 D  
 URS-2016-00603 Roanoke Paving LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00604 W. E. Curling Pipeline, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00605 Virginia Infrastructure, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00606 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2016-00607 Utiliquet, LLC - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2016-00608 Mastec North America, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00609 Hudgins Contracting Corp. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00610 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19A, et al.  
 URS-2016-00611 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code § 56-265.19 A  
 URS-2016-00612 Miller Pipeline, LLC - Alleged violations of VA Code § 56-265.24 A



URS-2016-00613 Washington Gas Light Company - Alleged violations of VA Code § 56-265.19 A  
 URS-2016-00614 City Concrete Corp. - Alleged violations of VA Code § 56-265.17 A  
 URS-2016-00615 Sagres Construction Corporation - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2016-00616 Trafford Corporation t/a Willbros T&D Services - East - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2016-00617 S&N Locating Services, LLC - Alleged violations of VA Code § 56-265.19 A  
 URS-2016-00618 Southeast Connections LLC - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2016-00619 Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199(e), et al.  
 URS-2017-00002 NuStar Terminals Operations Partnership L.P. - Alleged violation of 49 C.F.R. §§ 192.199 (e), et al.  
 URS-2017-00003 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 (e), et al.  
 URS-2017-00004 D. H. C. Corporation - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00005 Peters and White Construction Company - Alleged violation of VA Code §§ 56-265.17 B 2, et al.  
 URS-2017-00007 Bright Masonry, Incorporated t/a Bright Construction Group - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00008 KS Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00009 A & M Concrete Corp. - Alleged violation of VA Code §§ 56-265.24 C, et al.  
 URS-2017-00011 Benjamin Daniels, individually and t/a 309 S 16th Street LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00012 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00013 Denchfield Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00014 F & B Concrete, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00015 Historic Restoration Inc. - Alleged violation of VA Code §§ 56-265.17 D, et al.  
 URS-2017-00016 Tidwater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00017 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00018 Simons Contracting Company, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00019 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.17 C  
 URS-2017-00020 Sabas Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00021 Ardent Company, LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00022 RSG Landscaping & Lawn Care, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00023 Monacacy Valley Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00024 Muller Erosion Control, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00025 New York Concrete Corp. - Alleged violation of VA Code § 56-265.24 A 1  
 URS-2017-00026 Oscar Garcia - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00027 Randy the Plumber and Son, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00028 R N Contracting LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00029 Superior Backhoe Service, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00030 Leesburg Decks, LLC - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00032 K.P. Glass Construction, Incorporated - Alleged violations of VA Code §§ 56-265.17 A (1), et al.  
 URS-2017-00033 Joel Santiago - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00034 Atlas Enterprises, Inc. t/a Atlas Rooter - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00035 Urban Development Partners, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00036 Apex Companies, LLC - Alleged violations of VA Code §§ 56-265.17 B (2), et al.  
 URS-2017-00037 Turnkey Building Services, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00038 G N Tunnell, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00039 Charter Communications VI, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00040 A.R. Coffey & Sons, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00041 Amsterdams Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00042 TMorgan Construction LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00043 Blackwater Nursery and Landscaping - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00044 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00045 Bowman Excavating, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00046 Charlie Phelps Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00047 Patriot Development Corporation - Alleged violation of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00048 Mid-Atlantic Custom Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00049 Classic City Mechanical, Inc. - Alleged violations of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00050 Dan-Kel Concrete - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00051 Mark Morrison Paving, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00052 Efficient Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00053 Job Care, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00054 Ferguson Plumbing & Electric, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00055 H & S Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00056 James River Grounds Management, Inc. - Alleged violations of VA Code §§ 56-265.24 1, et al.  
 URS-2017-00057 Hale's Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00058 Ace Concrete Company II, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00059 Action Paving and Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00061 MG'S Home Improvement - Alleged violation of Va Code § 56-265.24 A  
 URS-2017-00062 Moser Construction INC. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00063 BE Howerton Construction LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00064 Penn Forest Services - Alleged violations of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00065 Blakemore Construction Corporation - Alleged violation of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00066 Alex K. George & Co. t/a Prestige Deck & Fence - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00067 Concrete Concepts, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2017-00068 Indigo Sign Company, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00069 J. Sanders Construction Co. - Alleged violation of VA Code §§ 56-265.24 A 1, et al.  
 URS-2017-00070 Ennis Enterprises, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00071 Earth Crafters, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00072 Dennis Johnson - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00073 Bernard Joyner - Alleged violation of VA Code § 56- 265.17 A  
 URS-2017-00074 American Road Markings, L.L.C.- Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00076 Fielder's Choice Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00077 Miller Pipeline, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00078 Mayfield Lawn and Landscape Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00079 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00080 T. C. Home Repair and Remodelings, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00081 R B Estes Trenching - Alleged violations of VA Code §§ 56-265.17 A, 56-265.24 A  
 URS-2017-00082 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00083 Shine Electrical Group, Ltd. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00084 S&N Communications, Inc. - Alleged violation of VA Code §§ 56-265.24 A (1), et al.  
 URS-2017-00085 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00086 Tribble Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00087 Flores Concrete - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00088 Slate Creek Builders, LLC - Alleged violations of VA Code §§ 56-265.24 A (1), et al.  
 URS-2017-00089 Varsity Landscaping & Grounds, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00090 Williams Facility Services, Inc. - Alleged violations of §§56-265.24 A, et al.  
 URS-2017-00091 Utiliquest, LLC - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00092 S&N Locating Services, LLC - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00093 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00094 Roanoke Gas Company - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00095 Pena Landscaping and Roofing - Alleged violations of VA Code §§ 56-265.24 A (1), et al.  
 URS-2017-00096 Copeland Excavation and Construction Company - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00097 Virginia Natural Gas, Inc. - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00098 NPL Construction Co. - Alleged violations of VA Code §§ 56-265.24 A (1), et al.  
 URS-2017-00099 Henkels & McCoy, Inc. - Alleged violations of VA Code §§ 56-265-24 A, et al.  
 URS-2017-00100 Benchmark VA LLC Subsurface Utility Services - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00101 Washington Gas Light Company - Alleged violations of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00102 Richardson-Wayland Electrical Company LLC - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00104 Garcia Cable, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00105 Michael & Son Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00106 R. Wendell Presgrave, Inc. t/a My Plumber Heating & Cooling - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00107 Omega Concrete Services LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00108 Solutions Fiber Optic Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00109 HGS, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00110 Ardent Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00111 Beeler Brothers Construction Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00112 Beitzell Construction, Inc. t/a Beitzell Fence Company- Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00113 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.17 B 2  
 URS-2017-00114 Clark Painting - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00115 Triple H Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00116 Rockingham Construction Company, Incorporated - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00117 Grahams Facility Services - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00118 Atmos Energy Corporation - Alleged violations of VA Code § 56-265.19 A  
 URS-2017-00119 Benchmark VA LLC Subsurface Utility Services - Alleged violations of VA Code § 56-265.19 A  
 URS-2017-00120 Garlitz Concrete, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00121 Liberty University Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00122 Evergreen Design Build LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00123 McPherson Plumbing and Heating - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00124 Foley Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00125 Richmond Irrigation LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00126 Hercules Contracting and Design LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00127 Sprinkler Pros and Landscaping, LLC - Alleged violation of VA Code § 56-25.17 A  
 URS-2017-00128 T & A Underground, Inc. - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00129 Hybla Valley Nursery, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00130 Cooper & Claiborne Construction, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00131 Franklin Mechanical Contractors, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00132 Javier Becerra Landscaping - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00133 Kelly's Cable Company, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00134 Leondis Griffin, individually and t/a L.S. Griffin Concrete - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00135 Martin and Gass, Incorporated - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2017-00136 Masters Utilities LLC - Alleged violations of VA Code §§ 56-265.17 B (2), et al.  
 URS-2017-00137 MHD Builds, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00138 Total Plumbing Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.

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URS-2017-00139 The Anderson Company, L.L.C. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00140 Virginia Electric and Power Company - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00141 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00142 W. D. Scarbrough Landscaping & Tree Work - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00143 Washington Gas Light Company - Alleged violations of VA Code § 56-265.19 A  
 URS-2017-00144 Zelaya Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00145 Neuroth Builders - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00146 Columbia Gas of Virginia, Inc. - Alleged violations of VA Code § 56-265.19 A  
 URS-2017-00147 Pyramid Oil Field Services LLC - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00148 Urban Development Partners, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00149 Excel Paving Corporation - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00150 Willbros T&D Services - East (Trafford) - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00151 Trophy Construction, L.L.C. - Alleged violations of VA Code §§ 56-265.24 B, et al.  
 URS-2017-00152 Titan Excavations, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00153 Shultz Lawscapes - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00154 Saunders Fence Co. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00155 PetroChem Recovery Services, Inc. - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00157 Ryken Construction Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00158 Sublime Construction - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00159 Hart's Quality Plumbing, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00160 LCS Site Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00161 Kellam Mechanical Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00162 S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00163 Heritage Site Development, Inc. - Alleged violations of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00164 S.J. Conner and Sons Inc. - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2017-00165 Gidders and Sons Plumbing, LLC - Alleged violations of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00166 R/T Enterprises, Inc. t/a Sneed's Nursery & Garden Center - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00167 Dunn-Right Contracting - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00168 Dane Electric, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00170 Stemmler Plumbing Repair, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00171 Utilquest, LLC - Alleged violations of VA Code § 56-265.19 A  
 URS-2017-00172 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00173 Perkinson Construction, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00174 JWB Contractors, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00175 Gary W. Smith, Contractor, Inc. - Alleged violation of VA Code §§ 56-265.17 B 1, et al.  
 URS-2017-00176 Gardner, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00177 EALConcrete Limited Liability Company - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00178 Bluefield Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00179 A.C.I. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00180 A Great Scape - Alleged violation of VA Code § 56-265.17 B 1  
 URS-2017-00182 John H. Morgal Plumbing - Alleged violation of VA Code § 56-265.17 B 1  
 URS-2017-00183 Affordable Fence and Railing - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00184 Aaron J. Comer. General Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00185 Abby Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00186 Accent Lightscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00187 Alfred L. Hughett Contractor - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00188 C. T. Purcell Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00189 Penn Forest Services - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00190 Snell Fence LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00191 Alleghany Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00193 Atlas Rooter - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00194 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00195 Davis H. Elliot Construction Company, Inc. - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2017-00196 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00197 Jarod Beaulieu - Alleged violations of VA Code §§ 56-265.18, et al.  
 URS-2017-00198 Kenneth L. Krout Pump and Well Service - Alleged violation of VA Code § 56-265.317 A  
 URS-2017-00199 Kingery Bros., Excavating - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00200 North Craft Builders Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00201 Overstreet Enterprise & Landscape, LLC - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2017-00202 Thomas Custom Builders, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00203 Tomahawk Development, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00204 W. A. Wells Excavating, L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00205 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00206 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00207 Absolute Plumbing & Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00208 B & A Jones Excavating, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00209 D. Hager Electric - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00210 Dirt Gambler, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00211 Dittmar Company - Alleged violation of VA Code § 56-265.18

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URS-2017-00212 Douglas L. Gill Electrical Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00213 D. P. Norwood Plumbing Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00214 JES Construction, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00215 Johnny's Electrical & Plumbing Services - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00216 Linco Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00217 Merrifield Garden Center Corporation - Alleged violation of VA Code § 56-265.18  
 URS-2017-00218 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00220 J.N.C. Services LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00221 XStar Communications - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00222 The Lane Construction Corporation t/a Virginia Paving Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00223 Williams Development Company, LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00224 Terminix Company, Incorporated - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00225 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00226 Northern Craftsman - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00227 Mechanicsville Backhoe, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00228 A 2 Z Affordable Plumbing Inc.- Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00229 Accurate Builders Home Improvement - Alleged violation of VA Code § 56-265.17 B 1  
 URS-2017-00230 Basic Construction Company, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00231 Blessing's Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00232 Denbigh Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 B 2  
 URS-2017-00233 Utiliquet, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00234 Atlas Plumbing, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00235 Cable Protection Services, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00236 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00237 S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00239 Farrell Properties, Limited Company - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00240 Washington Gas Light Company - violations of the Pipeline Safety Act  
 URS-2017-00241 Roanoke Gas Company - Alleged violations of the Pipeline Safety Act  
 URS-2017-00242 Columbia Gas of Virginia - Alleged violations of the Pipeline Safety Act  
 URS-2017-00244 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00245 Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00246 Crews Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140(3)  
 URS-2017-00247 O'Doriso Carpentry & Concrete, LLC - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200  
 URS-2017-00248 Masters Utilities LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-200  
 URS-2017-00249 M. K. Taylor Jr. Contractor, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-200  
 URS-2017-00250 Griggs Construction - Alleged violation of VA Code §§ 56-265.18 and 56-265.24A; 20 VAC 5-309-150 (6)  
 URS-2017-00251 Warner Moore & Company, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00252 Rockydale Quarries Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00253 Richardson Contracting, Inc. - Alleged violation of VA Code § 56-265.17A; 20 VAC 5-309-200  
 URS-2017-00254 Metheny Contracting, Inc. - Alleged violation of VA Code § 56-265.17D; 20 VAC 5-309-200  
 URS-2017-00255 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00256 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-150 (8)  
 URS-2017-00257 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00258 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.17 C  
 URS-2017-00259 Innerview, Ltd. - Alleged violation of VA Code §§ 56-265.17 B.2 and 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00260 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.17 C  
 URS-2017-00261 Splice Masters - Alleged violation of VA Code § 56-265.24, A  
 URS-2017-00262 S. C. Rossi & Company, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00263 Pyramid Oil Field Services LLC - Alleged violation of VA Code § 56-265.17 C  
 URS-2017-00264 Precision Underground LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00266 Mark Barnes Excavating - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00267 Wisler Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00268 Virginia Concrete Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00271 RPG Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3); 20 VAC 5-309-200  
 URS-2017-00272 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A (x4) and 56-265.24 D; 20 VAC 5-309-140 (3)  
 URS-2017-00273 Hall Septic Tank Cleaning, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00274 Bowers Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00275 Alleghany Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00276 BLJ & Associates, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00277 C J Asphalt Paving, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00278 Colonial Plumbing & Heating Co. - Alleged violation of VA Code § 56-265.17 B. 1; 20 VAC 5-309-200  
 URS-2017-00279 Dias Concrete Company - Alleged violation of VA Code § 56-265.17 D  
 URS-2017-00280 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00281 JC Roman Construction Company, LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00282 Garney Companies, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00284 TimberStone Group, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00285 Solutions Fiber Optic Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00286 Pro-Pave Incorporated - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A  
 URS-2017-00287 R. Wendell Presgrave, Inc. t/a My Plumber Heating & Cooling - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)

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URS-2017-00288 John Richmond Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00290 Harry B. King Sewer & Water Services - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00291 Envirostruct, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00292 Computer Cabling & Technology Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00293 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00294 Emelson Plumbing Company - Alleged violation of VA Code § 56-265.24 A; 24 VAC 5-309-140 (4)  
 URS-2017-00296 C & H Masonry LLC - Alleged violation of VA Code § 56-265.17 B. 1; 20 VAC 5-309-200  
 URS-2017-00297 Ardent Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00298 Martin's Plumbing LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00299 Moreno Construction LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00300 National Concrete Group, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00301 Southside Landscaping, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-200  
 URS-2017-00302 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A; 20 VAC 5-309-110 M  
 URS-2017-00303 R & F Metals, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00304 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00305 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00308 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00310 Directsat USA, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00311 Envision Property Services, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00312 JSE Communications - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00313 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00314 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00315 City Concrete Corp. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00316 Commercial Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00317 D.E.N. United General Construction, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00318 William Smith Concrete Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A  
 URS-2017-00319 Clifton Contracting - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00320 For Myer Construction Corporation - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00321 H G Construction LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00322 Jeff Johnson Concrete - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00323 Kelvic Construction Company Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00324 Paul Curry Excavating, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00325 N. A. H. Enterprises, Inc. t/a Reliable Waterproofing & Masonry, Corp; N.A.H. Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00326 SAB Lawn & Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00327 Vision Restoration and Contracting, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00328 William B. Hopke Co. Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00329 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00330 Barry and Sons Plumbing, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00331 A 2 Z Affordable Plumbing Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00332 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00333 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00337 Superior Plumbing Group, Inc. - Alleged violation of VA Code § 56-265.17A; 20 VAC 5-309-200  
 URS-2017-00338 Tidal Construction Inc. - Alleged violation of VA Code § 56-265.17 D; 20 VAC 5-309-200  
 URS-2017-00339 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00340 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00341 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00342 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00343 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00346 Amerigal Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00347 Regal Renovations, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00348 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00349 Westlake Turf & Irrigation LLC - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00350 Augusta Aquatics, L. C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00351 AC Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00352 C. T. Purcell Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00353 Commonwealth Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00354 Union Fence & Decks, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00357 Arca Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00358 Atlas Plumbing, LLC and Atlas Plumbing & Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00359 Avon Corporation - Alleged violation of VA Code § 56-265.18; 20 VAC 5-309-180  
 URS-2017-00361 Diversified Technology, L.L.C. - Alleged violation of VA Code § 56-265.17 B. 2  
 URS-2017-00362 Faulconer Construction Company, Incorporated - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00363 Eco Lawn Sprinkler Systems - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00364 Flippo Construction Company, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2017-00365 Foster's Septic & Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00366 Freday Building, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00368 Jack St. Clair, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00369 JKSS Construction, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2017-00370 M&E Contractors, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00371 Makco, Incorporated - Alleged violation of VA Code §§ 56-265.17 D, et al.  
 URS-2017-00373 Leo Construction Company - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00374 Linco Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00375 Momentum Earthworks, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00377 Old Dominion Excavating, LLC - Alleged violation of VA Code §§ 56-265.18, et al.  
 URS-2017-00378 Plumbright Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00379 Pollard Environmental, L.L.C. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00380 Robert M. Martin Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00382 KT Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00384 Warwick Plumbing and Heating Corporation - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00386 Pease Industries, Inc. t/a Roto Rooter of Richmond - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00389 Village Concrete, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00391 American Eastern, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00392 Total Development Solutions, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00393 Resurface Incorporated - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00394 Rock Hard Excavating, Inc. - Alleged violation of VA Code § 56-265.18  
 URS-2017-00395 Slurry Pavers, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00397 Woodfin Heating, Inc. t/a Woodfin Oil Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00399 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00401 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00402 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00403 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00404 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00405 Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00406 Cornerstone Site Works, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00407 DCI/Shires, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00409 Discount Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-200  
 URS-2017-00410 Inlet Construction INC. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00411 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00414 Jaynes Concrete, Inc. - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00415 John E. Maynard, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00416 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.17 B 2  
 URS-2017-00417 Roanoke Gas Company - Alleged violation of 49 C.F.R. §§ 192.199 (e), et al.  
 URS-2017-00421 Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00425 Aits Septic Service, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00426 C. D. Hall Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00427 Hernandez RV Fence Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00428 J. D. Roy Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00430 Lyttle Service Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00431 Meadow Outdoor Innovations, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00434 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.17 C  
 URS-2017-00436 Southland Associates, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00437 Suffolk Utility Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00438 Vannostrand Plumbing - Alleged violation of VA Code §§ 56-265.17 B.1, et al.  
 URS-2017-00441 Curtis Contracting, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00446 Garney Companies, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00447 MEPCO Materials, Inc. - Alleged violation of VA Code §§ 56-265.17 B.1, et al.  
 URS-2017-00450 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00451 Cooper & Claiborne Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00452 D N D Backhoe Service, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00454 E. C. Pace Company, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00456 J. Sanders Construction Co. - Alleged violation of Va Code § 56-265.24 A; 20 VAC 5-309-140 (2)  
 URS-2017-00457 Monarch Builders - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00458 River City Construction, Inc. - Alleged violation of VA Code § 56-265.17 B. 2  
 URS-2017-00459 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00462 JLJ Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00463 John Richmond Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00464 NPL Construction Company - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00465 P & M Construction Services, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00467 T.A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)  
 URS-2017-00469 Corman Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00470 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00471 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00472 Willbros T&D Services - East - Alleged violation of VA Code § 56-265.19 A; 20 VAC 5-309-110. M  
 URS-2017-00473 Project & Construction Management Services, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00474 S. C. Rossi & Company, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)  
 URS-2017-00475 Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24  
 URS-2017-00476 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2017-00477 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00479 Appalachian Power Company - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00483 Vannostrand Plumbing - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00487 Leesburg Southern Electric, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00488 American Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00489 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4) and 20 VAC5-309-200  
 URS-2017-00491 Lynchburg Landscapes, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00493 MSM Communications, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00495 Heritage Contracting LLC - Alleged violation of VA Code §§ 56-265.18 and 56-265.24 C  
 URS-2017-00496 Garcia Cable, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)  
 URS-2017-00497 Commercial Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00498 Contracting Unlimited, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-200  
 URS-2017-00500 Quality Construction of Danville, Inc. - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00502 Ace Air Conditioning & Heating Service, Inc. - Alleged violation of VA Code § 56-265.27 A  
 URS-2017-00503 Atkins Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00504 Breeden Mechanical, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00505 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00508 Mason Quality Construction, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00512 Potomac Relocating Services - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00513 R & P Lucas Underground Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00517 Snow Knows, Inc. t/a/ Snow's Garden Center - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00519 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00521 W. E. Curling Pipeline, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00523 Brian Hulsey - Alleged violation of VA Code §§ 56-265.17 A, et al.  
 URS-2017-00524 Bridgeman Underground, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00527 Deck Creations LLC - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00528 Fence Tec of Southern Virginia - Alleged violation of VA Code § 56-265.17 A  
 URS-2017-00530 Jeffrey Stack, Inc. - Alleged violation of VA Code § 56-265.24 B  
 URS-2017-00533 Linco Inc. - Alleged violation of VA Code § 56-265.17 B 1  
 URS-2017-00534 Miller Pipeline, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00535 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00536 River City Construction, Inc. - Alleged violation of VA Code § 56-265.24 A  
 URS-2017-00537 Southeast Connections LLC - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00539 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A  
 URS-2017-00540 Walter C. Via Enterprises, Inc. - Alleged violation of VA Code §§ 56-265.24 A, et al.  
 URS-2017-00541 Willbros T&D Services, LLC - Alleged violation of VA Code § 56-265.24 C  
 URS-2017-00543 S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00544 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code §§ 56-265.19 A, et al.  
 URS-2017-00587 D's Auto & Wrecker Service, Inc. t/a George's Excavating - Alleged violation of VA Code §§ 56-265.17 and 56-265.24 A; 20VAC 5-309-140 (4)