

One Hundred Thirteenth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2015

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2015*

To the Honorable Terence R. McAuliffe

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred thirteenth Annual Report of the State Corporation Commission for the year 2015.

Respectfully submitted,

Mark C. Christie, Chairman

James C. Dimitri, Commissioner

Judith Williams Jagdmann, Commissioner

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State Corporation Commission

COMMISSIONERS

**Mark C. Christie

Chairman

*Judith Williams Jagdmann

Chairman

James C. Dimitri

Commissioner

Joel H. Peck

Clerk of the Commission

*Term as Chairman expired January 31, 2015

**Elected Chairman effective for term of one year,
February 1, 2015

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 2015 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	12	Dimitri	7
Jagdmann	10				

Preface

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

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

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

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

RULES OF PRACTICE AND PROCEDURE

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

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

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

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

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

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

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

5 VAC 5-20-30. Counsel.

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

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

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

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

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

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

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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

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

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

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

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

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

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

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

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

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

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

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

5 VAC 5-20-200. Briefs.

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

5 VAC 5-20-210. Oral argument.

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

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

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

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

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

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

PART IV.

DISCOVERY AND HEARING PREPARATION PROCEDURES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 VAC 5-20-270. Hearing preparation.

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

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

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

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

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

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

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

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

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

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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.

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

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

**CASE NO. BAN20020838
MAY 11, 2015**

APPLICATION OF
PAYDAY ADVANCE, L.L.C.

For a license to engage in business as a payday lender

CORRECTING AND LICENSE REISSUANCE ORDER

On August 8, 2002, the State Corporation Commission ("Commission") entered an Order in this case granting PayDay Advance, L.L.C. ("Company"), a license to engage in business as a payday lender under Chapter 18 of Title 6.2 (formerly Chapter 18 of Title 6.1) of the Code of Virginia. Thereafter, the Bureau of Financial Institutions ("Bureau") reported to the Commission that an office address contained in the Order is incorrect as a result of information supplied by the Company and that the Company subsequently paid the fee required by Commission regulation for reissuance of its license certificate.

Accordingly, IT IS ORDERED THAT:

- (1) The second location listed in the Order Granting a License entered on August 8, 2002, is hereby corrected to read "625 Piney Forest Road, Suite 204A, Danville, Virginia 24540" rather than "625 Piney Forest Road, Suite 204, Danville, Virginia 24541."
- (2) All other provisions of the Order Granting a License entered on August 8, 2002, shall remain in full force and effect.
- (3) The Bureau shall issue and deliver to the Company a corrected license certificate.

**CASE NO. BAN20140265
FEBRUARY 9, 2015**

APPLICATION OF
KENNETH R. LEHMAN

To acquire control of Village Bank and Trust Financial Corp.

ORDER OF APPROVAL

Kenneth R. Lehman, of Arlington, Virginia, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control Village Bank and Trust Financial Corp., a Virginia bank 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 Village Bank and Trust Financial Corp. by Kenneth R. Lehman 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. BAN20140286
AUGUST 12, 2015**

APPLICATION OF
QC FINANCIAL SERVICES, INC.
D/B/A THE LOAN STORE

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

ORDER GRANTING A LICENSE

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

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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.

NOTE: A copy of Attachment A entitled is on file and 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. BAN20140293
APRIL 27, 2015**

APPLICATION OF
DUPONT COMMUNITY CREDIT UNION

To merge with Walker-Virginia Federal Credit Union

ORDER APPROVING A MERGER

DuPont Community 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 ("Code"), to merge with Walker-Virginia 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; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Walker-Virginia 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, the proposed merger of Walker-Virginia Federal Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. 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. BAN20140313
FEBRUARY 23, 2015**

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

To merge with Chesapeake Public School Employee's Credit Union, Inc.

ORDER APPROVING A MERGER

Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia, to merge with Chesapeake Public School Employee's Credit Union, Inc., a Virginia state-chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau").

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

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code of Virginia, the proposed merger of Chesapeake Public School Employee's Credit Union, Inc. into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of Chesapeake Public School Employee's Credit Union, Inc. at 544 Battlefield Boulevard South, Chesapeake, Virginia 23322. 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. BAN20150094
MAY 22, 2015**

APPLICATION OF
VIRGINIA CREDIT UNION, INC.

To merge with Sperry Marine Federal Credit Union

ORDER APPROVING A MERGER

Virginia Credit Union, Inc. ("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 ("Code"), to merge with Sperry Marine 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; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Sperry Marine 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, the proposed merger of Sperry Marine 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 Sperry Marine Federal Credit Union at 120 Seminole Court, Charlottesville, Virginia 22901. 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. BAN20150148
JUNE 24, 2015**

APPLICATION OF
BNC BANCORP

To acquire control of Valley Financial Corporation

ORDER OF APPROVAL

BNC Bancorp, an out-of-state bank holding company with headquarters in High Point, 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 Valley Financial Corporation, a Virginia bank 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 Valley Financial Corporation by BNC 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. BAN20150164
AUGUST 26, 2015**

APPLICATION OF
THE BANK OF HAMPTON ROADS

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

ORDER GRANTING AUTHORITY

The Bank of Hampton Roads, 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 Shore Bank, a Virginia state-chartered bank. The Bank of Hampton Roads 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 "Shore 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 a certificate of authority to conduct a banking business is GRANTED to The Bank of Hampton Roads, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction and amendment of the name of The Bank of Hampton Roads to "Shore Bank." The resulting bank is authorized to operate a main office at 641 Lynnhaven Parkway, Suite 101, City of Virginia Beach, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Shore 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 entitled is on file and 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. BAN20150164
SEPTEMBER 30, 2015**

APPLICATION OF
THE BANK OF HAMPTON ROADS

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

AMENDING ORDER

On June 1, 2015, The Bank of Hampton Roads ("Bank"), a Virginia state-chartered bank, 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 Shore Bank, a Virginia state-chartered bank. On August 26, 2015, the Commission entered an Order Granting Authority ("Granting Order") granting the Bank a certificate of authority to conduct a banking business, effective upon the issuance by the Clerk of the Commission ("Clerk") of a certificate of merger in the proposed transaction and amendment of the name of "The Bank of Hampton Roads" to "Shore Bank."

On September 24, 2015, Charles Johnston, Chairman and Interim Chief Executive Officer of the Bank's holding company, Hampton Roads Bankshares, Inc., reported to the Bureau of Financial Institutions ("Bureau") that it is not practicable at this time to rename the Bank.

In light of the foregoing, the Bureau has recommended that the Granting Order be amended to grant the Bank a certificate of authority to conduct a banking business effective upon the issuance by the Clerk of a certificate of merger in the proposed transaction.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Granting Order should be amended.

Accordingly, IT IS ORDERED THAT:

- (1) The Granting Order is amended so that a certificate of authority to conduct a banking business is GRANTED to the Bank, effective upon the issuance by the Clerk of a certificate of merger in the proposed transaction.
- (2) All other provisions of the Granting Order shall remain in full force and effect.
- (3) The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NO. BAN20150174
SEPTEMBER 21, 2015**

APPLICATION OF
BEACON CREDIT UNION, INCORPORATED

To merge with Centra Health 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 Centra Health 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

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best interests of the members of the credit unions; and (3) the members of Centra Health 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 Centra Health Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. 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. BAN20150231
AUGUST 21, 2015**

APPLICATION OF
FVCBANKCORP, INC.

To acquire control of First Virginia Community Bank

ORDER OF APPROVAL

FVCBankcorp, Inc., a Virginia corporation, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of First Virginia Community 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 First Virginia Community Bank by FVCBankcorp, 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. BAN20150254
OCTOBER 21, 2015**

APPLICATION OF
GENE B. DIXON, JR., INDIVIDUALLY,
AND TOGETHER WITH SHARON NEWCOMB;
GUY B. DIXON, TRUSTEE OF THE SEPARATE
GRANDCHILD'S TRUST FOR THE BENEFIT
OF GUY B. DIXON; CURTIS DIXON COLGATE,
TRUSTEE OF THE SEPARATE GRANDCHILD'S
TRUST FOR THE BENEFIT OF CURTIS DIXON COLGATE;
ARCH HUDDLE DIXON, TRUSTEE OF THE
SEPARATE GRANDCHILD'S TRUST FOR THE
BENEFIT OF ARCH HUDDLE DIXON;
AND
ERICA VAIL DIXON, TRUSTEE OF THE
SEPARATE GRANDCHILD'S TRUST FOR
THE BENEFIT OF ERICA VAIL DIXON,
AS A GROUP ACTING IN CONCERT

To acquire control of BCC Bankshares, Inc.

ORDER OF APPROVAL

Gene B. Dixon, Jr., individually, and together with Sharon Newcomb; Guy B. Dixon, Trustee of the Separate Grandchild's Trust for the benefit of Guy B. Dixon; Curtis Dixon Colgate, Trustee of the Separate Grandchild's Trust for the benefit of Curtis Dixon Colgate; Arch Huddle Dixon, Trustee of the Separate Grandchild's Trust for the benefit of Arch Huddle Dixon; and Erica Vail Dixon, Trustee of the Separate Grandchild's Trust for the benefit of Erica Vail Dixon (collectively, "the Dixon Group"), as a group acting in concert has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of BCC Bankshares, Inc., a Virginia bank 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 BCC Bankshares, Inc., by The Dixon Group 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. BAN20150258
DECEMBER 29, 2015**

APPLICATION OF
UNIVERSITY OF VIRGINIA COMMUNITY CREDIT UNION, INC.

To merge with Northern Piedmont Federal Credit Union

ORDER APPROVING A MERGER

University of Virginia Community Credit Union, Inc. ("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 Northern Piedmont 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 Northern Piedmont 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 Northern Piedmont 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 service facilities, in addition to its current service facilities, at what are now the offices of Northern Piedmont Federal Credit Union at 484 Blackwell Road, Suite 100, Warrenton, Virginia 20186 and 4257-A Aiken Drive, Building 102, Warrenton, Virginia 20187. 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. BAN20150302
NOVEMBER 19, 2015**

REQUEST BY
ANABAPTIST FINANCIAL

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Anabaptist Financial, a Pennsylvania 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 Anabaptist Financial 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. BAN20150318
DECEMBER 9, 2015**

APPLICATION OF
SOUTHERN BANCSHARES (N.C.), INC.

To acquire control of Heritage Bankshares, Inc.

ORDER OF APPROVAL

Southern BancShares (N.C.), Inc., an out-of-state bank holding company with headquarters in Mount Olive, 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 Heritage Bankshares, Inc., a Virginia bank 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 Heritage Bankshares, Inc. by Southern BancShares (N.C.), Inc. is APPROVED, provided that: (i) the authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

**CASE NOS. BFI-2012-00067 & BFI-2013-00069
MAY 11, 2015**

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

v.

SECURITY TRUST MORTGAGE, L.L.C.,
Defendant

APPLICATION OF
DANIEL MCDONALD

For a mortgage loan originator license

FINAL ORDER

On April 9, 2013, the State Corporation Commission ("Commission") issued a Rule to Show Cause in which the Bureau of Financial Institutions ("Bureau") sought an order from the Commission revoking the license of Security Trust Mortgage, L.L.C. ("Security Trust"), a mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"), pursuant to § 6.2-1619 of the Code. The case was docketed as Case No. BFI-2012-00067, and assigned to a hearing examiner to conduct all further proceedings on behalf of the Commission and to file a final report.

Daniel McDonald ("McDonald"), sole owner and officer of Security Trust, filed a Response to the Rule to Show Cause ("Response") on behalf of Security Trust on May 9, 2013. The Bureau filed a Motion for Default Judgment on May 24, 2013 ("Motion for Default Judgment"), contending, among other things, that the Response was defective as McDonald could not represent Security Trust because he is not a licensed attorney, and entry of default judgment was appropriate.

On May 20, 2013, McDonald filed an application pursuant to 5 VAC 5-20-80 A of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, which contested the denial of his application for a mortgage loan originator ("MLO") license by E. J. Face, Jr., Commissioner of Financial Institutions ("Commissioner"). On June 6, 2013, the Commission issued a Scheduling Order docketing the second matter, the application of McDonald contesting the denial of his application for a MLO license. The case was docketed as Case No. BFI-2013-00069 and also was assigned to a hearing examiner to conduct all further proceedings on behalf of the Commission and to file a final report.

In the June 6, 2013, Scheduling Order the Commission also determined there was significant overlap between the issues involved in both proceedings as McDonald is the sole owner and officer of Security Trust, and in the interests of judicial economy the cases were combined for purposes of hearing evidence.

On June 17, 2013, McDonald filed additional information with the Commission. Specifically, he: (i) requested review and approval of his application for a MLO license, and (ii) offered that his circumstances had changed since the Commission affirmed denial of a license in previously filed applications. McDonald asserted that his mortgage had been brought current, his judgments had been satisfied, and collections had been paid in full. He attached supporting documentation to his pleading, including an updated credit report.

As directed by the Commission, the Bureau filed a response to McDonald's pleading on July 16, 2013. In its response, the Bureau contended that McDonald's application should again be denied because he was not eligible for a license. First, the Bureau argued that McDonald failed to identify facts or circumstances that had changed since the Commission's July 6, 2012 Final Order¹ that would warrant his receipt of a MLO license. The Bureau asserted that McDonald was barred from bringing the current application by the doctrines of collateral estoppel or, alternatively, *res judicata*. In the event the application proceeded, however, the Bureau contended that the Commissioner's decision to deny McDonald's latest application should be affirmed. The Bureau reviewed the requirements for licensure as a MLO, and stated that an applicant has the burden to demonstrate that he possesses the financial responsibility, character, and general fitness such as to warrant the belief that he will act as a MLO efficiently and fairly, in the public interest, and in accordance with law.²

The Bureau asserted that McDonald did not meet that standard. Importantly, the Bureau observed that McDonald's last application was denied by the Commissioner on December 27, 2011, and that denial was affirmed by the Commission in *McDonald I*. The Bureau further represented that McDonald's ongoing conduct continued to fall short of the standard for licensure. Among other things, the Bureau stated that McDonald had made multiple misrepresentations to the Bureau during the most recent investigation including again failing to disclose all of his employers within the past ten years and failing to report outstanding financial liabilities. The Bureau concluded that the Commissioner did not abuse his discretion in making his latest determination.

By Hearing Examiner Ruling dated July 18, 2013, a consolidated hearing was scheduled for September 11, 2013, for the purpose of receiving evidence on both cases.

¹ *Petition of Daniel McDonald for approval of mortgage loan originator license*, Case No. BFI-2012-00003, 2012 S.C.C. Ann. Rept. 22, Final Order (July 6, 2012) ("*McDonald I*"). In *McDonald I*, the Commission affirmed the Commissioner's decision to deny McDonald's application for a MLO license.

² Bureau Response to the Application of Daniel McDonald ("Bureau Response") at 2, citing Code § 6.2-1706.

The evidentiary hearing was convened as scheduled. William R. Baldwin, III, Esquire ("Mr. Baldwin"), represented Security Trust and McDonald. The Bureau appeared by its counsel, DeMarion P. Johnston.³

Additionally, as a preliminary matter, the Bureau argued that McDonald's current application for a MLO license should be dismissed on the grounds of collateral estoppel ("Motion to Dismiss")⁴ Mr. Baldwin, argued that the same factual issue must exist for collateral estoppel to apply, and the circumstances at the time the pending application was considered were not the same as those at the time of his last application.

Counsel for the Bureau argued, among other things, that the facts were the same as when McDonald was before the Commission on the prior application just a year earlier, noting that the Commission affirmed the Commissioner's decision to deny an earlier application on July 6, 2012 (*McDonald I*), and McDonald filed the pending application only four months later. Counsel argued that McDonald was attempting to re-litigate the same factual and legal questions; specifically, his financial responsibility, character, and general fitness. The Bureau's Motion to Dismiss was taken under advisement.

The Bureau presented the testimony of two witnesses: (i) Susan Hancock, Deputy Commissioner, who offered testimony with regard to the Rule to Show Cause issued against Security Trust as well as the legal requirements for mortgage brokers and MLOs; and (ii) Dustin Physioc, Senior Financial Analyst, who offered testimony regarding the MLO application of McDonald.

McDonald testified for Security Trust and on his own behalf. Among other things, McDonald testified to the financial hardships that he had endured over the past several years and that more recently he had made a good faith effort to deal with his debts. He submitted a current credit report for the record.

On January 31, 2015, the Chief Hearing Examiner filed 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. Additionally, the Chief Hearing Examiner made the following findings in her Report:

- (1) The Bureau's motion to dismiss on the grounds of collateral estoppel should be denied.
- (2) Commissioner Face did not abuse his discretion when he denied McDonald's application for a MLO license.
- (3) The Bureau's License Denial Order is supported by credible evidence, and that evidence applies directly to the McDonald's financial responsibility, character, and general fitness to hold a MLO license.
- (4) The Commission should affirm the Bureau's decision to deny McDonald a MLO license.
- (5) McDonald should be prohibited from applying for a MLO license for three years from the date of the TransUnion credit report that demonstrated the financial improvement which was dated September 10, 2013.
- (6) The mortgage broker license of Security Trust should not be revoked at this time.⁵

Based on her findings, the Chief Hearing Examiner concluded by recommending that the Commission enter an order adopting her findings and recommendations, and dismissing this case from the Commission's docket of active cases.

The parties were granted 21 days to file comments to the Report. The Bureau filed comments on February 20, 2015, and McDonald filed untimely comments on February 23, 2015. In its comments, the Bureau agreed with the Chief Hearing Examiner's finding that Commissioner Face did not abuse his discretion when he denied McDonald's application for a MLO license and her recommendation that the Commission should affirm the Commissioner's decision to deny McDonald a MLO license. The Bureau further agreed with the Chief Hearing Examiner's finding that McDonald lacks the requisite financial responsibility, character, and general fitness to be licensed as a MLO but disagreed with her recommendation that the Commission not revoke the mortgage broker license of Security Trust at this time.

In relevant part, Code § 6.2-1606 provides the license qualifications for mortgage lenders and brokers and directs the Commission to issue and deliver to the applicant the license applied for if it finds:

- A1. That the financial responsibility, character, reputation, experience, and general fitness of the applicant and its members, senior officers, directors, and principals are such as to warrant belief that the business will be operated efficiently and fairly, in the public interest and in accordance with law;

³ Among other things, the Motion for Default Judgment was addressed as a preliminary matter at the hearing. Security Trust was represented by counsel at that time. The Hearing Examiner found that the responsive pleading filed by McDonald to the Rule to Show Cause was defective and therefore Security Trust was in default for failure to file a timely responsive pleading to the Rule to Show Cause. The Hearing Examiner further found that a default judgment did not necessarily follow; rather, since Security Trust was properly represented at the hearing, the Hearing Examiner denied the Bureau's Motion for Default Judgment and advised counsel for Security Trust that it had been deemed to waive all objections to the admissibility of evidence that the Bureau would be offering. Tr. at 17-18.

⁴ Bureau Response at 5-7; Tr. 38-39.

⁵ The Hearing Examiner found that the license of Security Trust should not be revoked at this time because it would afford Security Trust some limited business continuity and an opportunity for McDonald to continue to further improve his financial responsibility, character, and general fitness to warrant re-applying at a future time when McDonald can prove continuing and sustained improvement. Report at 25-26.

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Code § 6.2-1619 addresses suspension or revocation of licenses, and provides in relevant part:

- A. The Commission may suspend or revoke any license issued under this chapter to a mortgage lender or mortgage broker upon any of the following grounds:
 - 1. Any ground for denial of a license under this chapter;
- B. For the purposes of this section, acts of any officer, director, member, partner, or principal shall be deemed acts of the licensee.

The Bureau asserted that Security Trust cannot meet the standard required for a mortgage broker license because the company's sole owner and officer McDonald was found by the Commission in *McDonald I*, and again in the Report of the instant proceeding, to lack the financial responsibility, character, and general fitness for licensure as a MLO under Chapter 17 of Title 6.2 of the Code. As such, McDonald, as the sole owner and officer of Security Trust, does not meet the qualifications for licensure as a mortgage broker as required by § 6.2-1606 of the Code, and the mortgage broker license granted to Security Trust should be revoked pursuant to § 6.2-1619 of the Code.

The Bureau asked the Commission to affirm the Commissioner's decision to deny McDonald a MLO license, and to revoke the mortgage broker license of Security Trust. McDonald requested the Commission to grant him a new hearing, or in the alternative, to grant him a MLO license.

NOW THE COMMISSION, upon consideration of the entire record in this proceeding, including the Report and the comments thereto, is of the opinion and finds that the Chief Hearing Examiner's findings and recommendations in regard to McDonald's application for a MLO license are reasonable, supported by the evidentiary record, and should be adopted. We, however, do not adopt the Hearing Examiner's finding and recommendation that the mortgage broker license of Security Trust should not be revoked at this time, as Security Trust and its sole owner and officer, McDonald, do not meet the qualifications for licensure required by § 6.2-1606 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) The Bureau's Motion to Dismiss is hereby DENIED.
- (2) The findings and recommendations of the January 28, 2015, Hearing Examiner's Report in regard to the application of McDonald for a MLO license are hereby adopted.
- (3) The Bureau's License Denial Order in this case is hereby AFFIRMED.
- (4) McDonald is prohibited from applying for a MLO license in Virginia until September 11, 2016.
- (5) The Bureau's request to revoke the mortgage broker license issued to Security Trust is hereby GRANTED, and such license is hereby REVOKED.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NOS. BFI-2012-00067 & BFI-2013-00069
JUNE 1, 2015**

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

v.
SECURITY TRUST MORTGAGE, L.L.C.,
Defendant

APPLICATION OF
DANIEL MCDONALD

For a mortgage loan originator license

ORDER DENYING RECONSIDERATION

On May 11, 2015, the State Corporation Commission ("Commission") issued a Final Order in the above-styled cases. On May 20, 27, and 29, 2015, respectively, Daniel McDonald 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, is of the opinion and finds that reconsideration should be denied for the reasons stated in the Final Order.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition is hereby DENIED.
- (2) This case is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00009
JANUARY 12, 2015**

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

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

ORDER ADOPTING REGULATIONS

On September 24, 2014, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend the Commission's regulations governing licensed money order sellers and money transmitters, which are set forth in Chapter 120 of Title 10 of the Virginia Administrative Code, 10 VAC 5-120-10 *et seq.* The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on October 20, 2014, posted on the Commission's website, and sent to all licensed money order sellers and money transmitters, and other interested parties. Licensees and other interested parties were afforded the opportunity to file written comments or request a hearing on or before November 20, 2014.

Comments on the proposed regulations were filed by Terry Harbin of GSC Enterprises, Inc., and Bradley S. Lui, Esquire, counsel for The Money Services Round Table. The Commission did not receive any requests for a hearing.

Mr. Harbin indicated in his comments that the requirement in 10 VAC 5-120-40 C that licensees file a written report with the Commissioner of Financial Institutions within one business day following the occurrence of certain events is unreasonable. He suggested a ten day reporting requirement following the occurrence of a covered event. Mr. Lui expressed a similar concern and suggested a thirty day reporting requirement following a licensee becoming aware of the occurrence of a covered event, not upon the actual occurrence of the event. Mr. Lui also noted that § 6.2-1917 of the Code of Virginia does not require licensees to report the expected impact of a covered event on the licensee's Virginia activities.

Mr. Lui further commented that the prohibitions in 10 VAC 5-120-60 B and 10 VAC 5-120-70 J on a licensee providing false, misleading, or deceptive information to the Bureau or to a Virginia resident may be overly broad and have the potential to apply to unintentional acts by a licensee. He recommended that the proposed regulations be modified to prohibit licensees from knowingly providing false, misleading, or deceptive information to the Bureau or to a Virginia resident, or providing such information with the intent to deceive.

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 December 17, 2014. In its response, the Bureau stated that it is amenable to (1) replacing the first instance of the word "following" in 10 VAC 5-120-40 C with the words "after a licensee becomes aware of"; and (2) removing the requirement that a licensee report the expected impact that a covered event would have on the licensee's Virginia activities. The Bureau otherwise recommended that the Commission adopt the proposed regulations as proposed.

NOW THE COMMISSION, having considered the proposed regulations, the comments filed, the Bureau's Statements of Position, the record herein, and applicable law, concludes that the proposed regulations should be modified to incorporate certain suggestions that were made by commenters and the Bureau. The Commission further concludes that the proposed regulations, as modified, should be adopted with an effective date of February 15, 2015.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations, as modified herein and attached hereto, are adopted effective February 15, 2015.
- (2) This Order and the attached regulations shall be posted on the Commission's website at: <http://www.scc.virginia.gov/case>.
- (3) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.
- (4) This case is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

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

**CASE NO. BFI-2014-00055
MAY 19, 2015**

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Sentrix Financial Services, 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 on February 11, 2014, the 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 2 and A 3, 6.2-1607 A, and 6.2-1614 (1) and (8) (b) of the Code; 10 VAC 5-160-20 (7) and (9), and 10 VAC 5-160-60 A 2 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and 12 CFR §§ 1024.7 (d) of the Real Estate Settlement Procedures Act (Regulation X); and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 16, 2014, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 17, 2014. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated laws and regulations applicable to the conduct of its mortgage broker business.

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2014-00058
APRIL 7, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALCOVA MORTGAGE LLC
D/B/A ALCOVA HOME LENDING,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Alcova Mortgage LLC d/b/a ALCOVA Home Lending ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Bureau of Financial Institutions ("Bureau") examined the Defendant on March 19, 2014, and investigated the Defendant on March 31, 2014; that as a result of such examination and investigation alleged that the Defendant had violated §§ 6.2-406, 6.2-1614 (8), and 6.2-1621 of the Code, 10 VAC 5-160-20 (7) of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*, and 12 C.F.R. § 1024.7; 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 Sixteen Thousand Dollars (\$16,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant shall not file any applications under Chapter 16 of Title 6.2 of the Code until the Bureau has conducted a follow-up examination of the Defendant and found significant improvement in the Defendant's compliance with applicable laws.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2014-00059
JANUARY 14, 2015**

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

v.
B&B PAWNBROKERS, INC.,
Defendant

CEASE AND DESIST ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that B&B Pawnbrokers, Inc. ("Defendant"), is engaging in the business of making motor vehicle title loans without a license in violation of § 6.2-2201 of the Code of Virginia ("Code"); that the Commissioner, pursuant to § 6.2-2220 of the Code, gave written notice to the Defendant by certified mail on December 2, 2014, (i) of his intention to seek an order from the Commission requiring the Defendant to cease and desist from engaging in the business of making motor vehicle title loans without a license, and to comply with Chapter 22 of Title 6.2 (§ 6.2-2200 et seq.) of the Code, and (ii) that a written request for a hearing was required to be filed in the Office of the Clerk on or before January 5, 2015; and that no written request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant is engaging in the business of making motor vehicle title loans without a license in violation of § 6.2-2201 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) B&B Pawnbrokers, Inc., shall immediately (i) cease and desist from engaging in the business of making motor vehicle title loans without a license in violation of § 6.2-2201 of the Code, and (ii) comply with Chapter 22 of Title 6.2 of the Code.
- (2) This case is dismissed.
- (3) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2015-00002
FEBRUARY 25, 2015**

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

v.
CRYSTAL FUNDING, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Crystal Funding, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the bond filed by the Defendant pursuant to § 6.2-1604 of the Code was cancelled on January 5, 2015; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on January 13, 2015, (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 February 13, 2015. As of the date of this Order, the Defendant has not filed a new bond and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2015-00006
SEPTEMBER 21, 2015**

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

v.
MATTHEW KENT ROGERS,
Defendant

SETTLEMENT ORDER

The Bureau of Financial Institutions ("Bureau") alleged in a Rule to Show Cause "Rule" filed on July 22, 2015, that Matthew Kent Rogers ("Defendant") violated § 6.2-1701 A of the Code by engaging in the business of a mortgage loan originator ("MLO") prior to being licensed in Virginia. In the Rule, the Bureau requested that the State Corporation Commission ("Commission") suspend the Defendant's MLO license for a period of three (3) months and impose a civil penalty against him in the amount of \$3,000, in accordance with §§ 6.2-1716 and 1719 of the Code of Virginia ("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 he has waived his right to a hearing, and agreed to voluntarily surrender his Virginia MLO license by September 1, 2015.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall surrender his MLO license by September 1, 2015.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. BFI-2015-00007
MAY 11, 2015**

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

v.
TRUSTWORTHY MORTGAGE CORPORATION,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Trustworthy Mortgage Corporation ("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 July 7, 2014; that as a result of such examination the Bureau alleged that the Defendant had violated §§ 6.2-406, 6.2-1609 B, 6.2-1614 (1), and 6.2-1616 B 4 of the Code; 10 VAC 5-160-20 (7), 10 VAC 5-160-30 A, 10 VAC 5-160-50, and 10 VAC 5-160-60 A of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and 12 C.F.R. § 1024.7; and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Twenty-two Thousand Dollars (\$22,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2015-00010
JUNE 4, 2015**

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

v.

ANCHOR MORTGAGE LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Anchor 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 on August 28, 2014, the Defendant's sole owner and member Paul A. Stroble ("Stroble") was convicted of felony conspiracy to commit mail fraud in the United States District Court for the Eastern District of Virginia, Newport News Division; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 2, 2015, (1) of his intention to recommend revocation of the Defendant's license pursuant to § 6.2-1619 of the Code, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 2, 2015. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant's sole owner and member Stroble has been convicted of a felony involving fraud.

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-2015-00010
JUNE 4, 2015**

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

v.

PAUL A. STROBLE,
Defendant

ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Paul A. Stroble ("Defendant") pled guilty to felony conspiracy to commit mail fraud in violation of 18 U.S.C. §§ 1349 and 1341 on May 12, 2014; that on August 28, 2014, the Defendant was convicted of felony conspiracy to commit mail fraud in the United States District Court for the Eastern District of Virginia, Newport News Division; and that in the opinion of the Commissioner, the conviction and the acts that led to it are reasonably related to the qualifications, functions, or duties of a person employed by, or 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 March 2, 2015, the Commissioner, pursuant to delegated authority, gave written notice to the Defendants by first class and certified mail (1) of his intention to recommend that Stroble be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 2, 2015. As of the date of this Order, no written request for a hearing was received or filed.

The Commissioner has recommended that the Commission enter an order barring Stroble from any position of employment, management, or control of any licensed mortgage lender or mortgage broker.

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 involving fraud, and that the 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 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-2015-00012
MAY 19, 2015**

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Action 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 bond filed by the Defendant pursuant to § 6.2-1604 of the Code was cancelled on March 8, 2015; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 18, 2015, (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 19, 2015. As of the date of this Order, the Defendant has not filed a new bond and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2015-00012
JUNE 3, 2015**

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

ORDER GRANTING RECONSIDERATION

On May 19, 2015, the State Corporation Commission ("Commission") entered an Order Revoking a License in this case. On May 27, 2015, Action Mortgage LLC ("Defendant") filed a letter requesting that the Commission reinstate its mortgage broker license.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Defendant's letter should be treated as a petition for reconsideration under 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 et seq.; and that reconsideration should be granted for the purpose of continuing jurisdiction over this matter and considering the Defendant's request.

Accordingly, IT IS ORDERED THAT:

- (1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the Defendant's request.
- (2) This matter is continued pending further order of the Commission.

**CASE NO. BFI-2015-00012
JULY 8, 2015**

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

SETTLEMENT ORDER

On May 19, 2015, the State Corporation Commission ("Commission") entered an Order revoking the license granted to Action Mortgage LLC ("Defendant") to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code") for failure to maintain its bond in full force as required by § 6.2-1604 of the Code. On May 27, 2015, the Defendant filed a letter in which it requested reinstatement of its license, and by

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Order entered on June 3, 2015, the Commission granted reconsideration for the purpose of continuing jurisdiction over this matter and considering the Defendant's request. The Commissioner of Financial Institutions ("Commissioner") has reported to the Commission that the Defendant has had its bond reinstated with no lapse in bond coverage, and that the Defendant has offered to settle this case by paying a civil penalty in the sum of Five Hundred Dollars (\$500), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement and reinstate the Defendant's license effective May 19, 2015, 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 and that the Defendant's license should be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's offer in settlement of this case is accepted.
- (2) The Defendant's license is reinstated effective May 19, 2015.
- (3) This case is dismissed.
- (4) The papers filed herein shall be placed in the file for ended causes.

**CASE NO. BFI-2015-00014
JUNE 5, 2015**

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

Ex Parte: In re: New Day Financial, LLC d/b/a NewDay USA

ORDER APPROVING SETTLEMENT AGREEMENT

The Commissioner of Financial Institutions ("Commissioner") has requested that the State Corporation Commission ("Commission") approve and accept a multi-state Settlement Agreement and Order ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between New Day Financial, LLC d/b/a NewDay USA, a licensed mortgage lender and broker under Chapter 16 of Title 6.2 of the Code of Virginia, and various state mortgage regulatory agencies. The Commissioner has recommended that the Commission (i) approve and accept the Agreement, and (ii) authorize the Commissioner to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

NOW THE COMMISSION, having considered the terms of the Agreement and the recommendation of the Commissioner, is of the opinion and finds that the Agreement should be approved and accepted, and that the Commissioner should be authorized to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

Accordingly, IT IS ORDERED THAT:

- (1) The Agreement is approved and accepted.
- (2) The Commissioner is authorized to execute any documents attendant to the Agreement necessary to evidence the Commission's approval and acceptance.

**CASE NO. BFI-2015-00018
JUNE 4, 2015**

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

v.
SWANSON SERVICES CORPORATION,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions has reported to the State Corporation Commission ("Commission") that Swanson Services Corporation ("Defendant") engaged in the business of money transmission without obtaining a license in violation of § 6.2 1901 of the Code of Virginia; and that the Defendant has offered to settle this case by paying a civil penalty in the sum of Twenty Five Thousand Dollars (\$25,000), tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner of Financial Institutions has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code of Virginia.

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

Accordingly, IT IS ORDERED THAT:

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

**CASE NO. BFI-2015-00039
JULY 17, 2015**

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

Ex Parte: In re: amendments to credit counseling regulations

ORDER TO TAKE NOTICE

Section 6.2-2013 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 20 (§ 6.2-2000 *et seq.*) of Title 6.2 of the Code. The Commission's regulations governing licensed credit counseling agencies ("licensees") are set forth in Chapter 110 of Title 10 of the Virginia Administrative Code ("Chapter 110").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 110. The proposed regulations (i) define various terms including "advertisement," "business day," and "total amount disbursed"; (ii) clarify that the Bureau will retain licensees' surety bonds notwithstanding the occurrence of certain events; (iii) prescribe the amount of coverage required by subdivision A 7 of § 6.2-2005 of the Code; (iv) specify additional events that require licensees to file a written report with the Commissioner of Financial Institutions; (v) prohibit a licensee from providing debt management plan services in connection with a debt management plan that has been set up by a person other than a credit counselor that is employed by the licensee; (vi) clarify that money received by a licensee for distribution to consumers' creditors is held in trust for the benefit of consumers and shall not be commingled with the licensee's operating funds or the funds of any other persons; (vii) prohibit a licensee from selling or assigning a debt management plan to another person unless the purchaser or assignee also is a licensee; (viii) require licensees to provide consumers with a written notice containing the Bureau's contact information; (ix) prohibit licensees from providing information to the Bureau or to consumers that is false, misleading, or deceptive; (x) prescribe the application fee for any person submitting an application under § 6.2-2007 of the Code to acquire 25% or more of the ownership of a licensee; (xi) clarify the requirements applicable to the disclosures specified in subdivision A 9 of § 6.2-2005 of the Code; (xii) condition the authority of licensees to delegate any of their debt pooling and distribution responsibilities to third parties; and (xiii) require licensees to disclose certain information in their advertisements. Various technical and other clarifying amendments also have been proposed.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of October 15, 2015.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations are appended hereto and made a part of the record herein.
- (2) Comments or requests for a hearing on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before September 4, 2015. 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-2015-00039. 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 "Credit Counseling Regulations" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. BFI-2015-00039
OCTOBER 9, 2015**

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

Ex Parte: In re: amendments to credit counseling regulations

ORDER ADOPTING REGULATIONS

On July 17, 2015, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend the Commission's regulations governing licensed credit counseling agencies ("licensees"), which are set forth in Chapter 110 of Title 10 of the Virginia Administrative Code, 10 VAC 5-110-10 *et seq.* The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on August 10, 2015, 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 September 4, 2015.

Comments on the proposed regulations were filed by Jean L. Law on behalf of Money Management International, Inc. The Commission did not receive any requests for a hearing. Ms. Law suggested that the proposed definition of "advertisement" be modified to exclude social media unless the social media interaction is primarily about debt management plans as opposed to general education and information. Ms. Law expressed concern that without this exclusion, two of the proposed disclosure requirements applicable to advertisements could become unmanageable and burdensome.

The Bureau considered Ms. Law's comments and responded to them in its Statements of Position, which the Bureau filed with the Clerk of the Commission on September 29, 2015. In its response, the Bureau maintained that social media would constitute a form of advertisement when it directly or indirectly promotes the offering of a debt management plan to any consumer. The Bureau contended that the exception suggested by Ms. Law is overly broad, but indicated that it does not object to clarifying the proposed definition of "advertisement" as it pertains to social media. Accordingly, the Bureau stated that it is amenable to adding the following sentence at the end of the proposed definition: "The term also excludes social media interactions that are solely educational and informational in purpose and do not promote debt management plans."

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 Bureau's suggested addition to the definition of "advertisement." The Commission further concludes that the proposed regulations, as modified, should be adopted with an effective date of December 1, 2015.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed regulations, as modified herein and attached hereto, are adopted effective December 1, 2015.
- (2) This Order and the attached regulations shall be posted on the Commission's website at: <http://www.scc.virginia.gov/case>.
- (3) The Commission's Division of Information Resources shall provide a copy of this Order, including a copy of the attached regulations, to the Virginia Registrar of Regulations for publication in the *Virginia Register of Regulations*.
- (4) This case is dismissed, and the papers herein shall be placed in the Commission's file for ended causes.

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

**CASE NO. BFI-2015-00042
NOVEMBER 2, 2015**

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

v.
COMMONWEALTH FINANCE, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Commonwealth Finance, LLC ("Defendant") is licensed to engage in business under Chapter 15 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to file the annual report required by § 6.2-1534 of the Code; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on September 9, 2015, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before October 2, 2015. As of the date of this Order, the Defendant has not filed, nor has the Commission received, a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license.

NOW THE COMMISSION finds that the Defendant failed to file its annual report as required by law.

Accordingly, IT IS ORDERED THAT:

- (1) The license granted to the Defendant 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-2015-00054
DECEMBER 29, 2015**

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Executive Financial Services Co., 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 Defendant failed to pay its annual fee due May 25, 2015 as required by § 6.2-1612 of the Code; and the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 16, 2015, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 16, 2015. As of the date of this Order, the Defendant has not paid its annual fee and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has failed to pay its annual fee as required by law.

Accordingly, IT IS ORDERED THAT:

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

CLERK'S OFFICE

CASE NO. CLK-2015-00006
NOVEMBER 16, 2015

PAMMALLA S. UPLINGER,
Petitioner

v.

ALEXANDRIA OVERLOOK CONDOMINIUM COUNCIL OF CO-OWNERS,
and
WILLIAM W. SLEETH III,
Defendants

FINAL ORDER

On April 24, 2015, Pammalla S. Uplinger ("Petitioner"), on a *pro se* basis, filed with the State Corporation Commission ("Commission") a pleading titled "Petition for a Ruling to Rescind the Incorporated Status of Alexandria Overlook Condominium Council of Co-Owners and a Finding that William W. Sleeth III Signed a Document for Filing with the Virginia State Corporation Commission that He Knew Was False" ("Petition").

Among other things, the Petitioner alleges that the Alexandria Overlook Condominium Council of Co-Owners ("Overlook") and its registered agent, William W. Sleeth III ("Sleeth") (together, the "Defendants"), improperly and wrongfully filed Articles of Incorporation ("Articles") for Overlook with the Commission on April 24, 2014, and that the Articles violate Overlook's condominium instruments and include provisions inconsistent with Overlook's Bylaws. The Petitioner asked that the Commission: (i) find that the Articles are void *ab initio*; (ii) rescind Overlook's incorporated status; (iii) find that Sleeth signed a document that he knew was false with the intent that it be delivered to the Commission for filing; and (iv) take appropriate action to ensure that the Defendants were held accountable for their actions.

On June 15, 2015, the Commission entered its Scheduling Order in which, among other things, it assigned the matter to a Hearing Examiner to conduct all further proceedings and provided for responses to the Petition by the Defendants and the Office of the Clerk of the Commission ("Clerk").

On July 15, 2015, the Defendants filed their response to the Petition in the form of a Motion to Dismiss and Demurrer to Petitioner's Petition ("Motion to Dismiss and Demurrer"), asserting that the Commission does not have jurisdiction to consider the Petition and that the Petitioner had not pled sufficient facts to support a cause of action against the Defendants. The Defendants also filed an Answer to the Petition. On July 20, 2015, the Hearing Examiner issued a ruling allowing time for the Petitioner to respond to the Motion to Dismiss and Demurrer, allowing the Defendants to reply to the Petitioner's response, and directing the Clerk to incorporate any response to the Motion to Dismiss and Demurrer into its response to the Petition.

On August 4, 2015, the Petitioner responded to the Motion to Dismiss and Demurrer, asserting that the Commission had proper jurisdiction to consider the Petition and that she had properly pled her case against the Defendants. The Defendants replied on August 18, 2015, reiterating arguments addressed in their original Motion to Dismiss and Demurrer.

On August 14, 2015 the Clerk, by counsel, responded to the Petition. The Clerk stated, among other things, that: (i) Petitioner did not have standing to pursue the Petition, primarily because her claims were not brought on behalf of the corporation (Overlook) and instead were brought individually; and (ii) even if the Commission found the Petitioner had standing to pursue her claims, a court of general jurisdiction (such as a Virginia circuit court) would be a more appropriate forum for evaluating the substantive merits of the Petition. Accordingly, the Clerk recommended that the Commission dismiss the Petition, or in the alternative, that it stay the Petition pending further resolution in an appropriate Virginia circuit court.

On August 28, 2015, the Hearing Examiner filed her report ("Report"). In her Report, the Hearing Examiner agreed with the Clerk and found, based on the pleadings filed in this matter, that the Petition should be dismissed due to the Petitioner's lack of standing.¹ The Hearing Examiner concluded that the Commission's authority to correct its records or to address *ultra vires* actions concerning nonstock corporations is prescribed in §§ 13.1-813 C and 13.1-828 of the Code of Virginia ("Code") and that the Commission's general statutory authority relative to corporations found in § 12.1-12 of the Code does not extend to an individual's challenge to an entity's initial incorporation.² The Hearing Examiner also concluded that the Petition should be dismissed to the extent that the Petitioner seeks relief against Sleeth, citing the Petitioner's failure to identify a statutory basis upon which the Commission could render the advisory "factual finding" concerning Sleeth's conduct requested by the Petitioner.³ Finally, the Hearing Examiner agreed with the Clerk that the overall nature of the Petitioner's claims – including her assertions of breach of contract, violations of the Virginia Condominium Act, and economic damages - are better suited for resolution by a court of general jurisdiction. The Hearing Examiner recommended that if the Commission concludes that the Petitioner has standing to pursue relief at the Commission, then the Commission should stay the Petition so that the parties may pursue resolution in an appropriate Virginia circuit court.⁴ The Hearing Examiner found that the Petition should be dismissed or, in the alternative, stayed pending resolution by the Alexandria Circuit Court. She recommended that the Commission enter an order adopting her findings.

On September 18, 2015, the Petitioner and the Defendants filed comments to the Report. The Petitioner reasserted that she has valid claims pursuant to §§ 12.1-12 and 13.1-804 F 2 of the Code. The Defendants agreed with the Hearing Examiner's recommendation for dismissal but did not support the alternative recommendation for a stay pending resolution in Alexandria Circuit Court.

¹ Hearing Examiner's Report at 4.

² *Id.* at 5.

³ *Id.* at 6.

⁴ *Id.*

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NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the Hearing Examiner's findings and recommendation for dismissal should be adopted. Though dismissing the Petition due to the Petitioner's lack of standing, we note that, even if the Petitioner had standing to pursue her claims before the Commission, we conclude that the Petitioner's claims in the nature of breach of contract, breach of fiduciary duty, and common law fraud, as well as her assertion of economic damages, are better suited for resolution by a court of general jurisdiction.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner as to dismissal of the Petition are hereby ADOPTED.
- (2) The Defendants' Motion to Dismiss and Demurrer are GRANTED as to Sleeth and DENIED as to Overlook.
- (3) The Petitioner's Petition is DISMISSED as discussed above.
- (4) This case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

**CASE NO. CLK-2015-00007
OCTOBER 30, 2015**

PETITION OF
PCC TECHNOLOGY GROUP, LLC,
v.
STATE CORPORATION COMMISSION

ORDER

On December 15, 2014, PCC Technology Group, LLC ("PCC"), filed a petition for writ of mandamus against the State Corporation Commission ("Commission") in the Supreme Court of Virginia regarding the Commission's award of contract under Request for Proposal ("RFP") #SCC-12-020-SCC ("Supreme Court Petition").

On May 12, 2015, the Supreme Court of Virginia issued an order finding that the writ of mandamus requested by PCC should not issue, granting the Commission's motion to dismiss, and dismissing PCC's Supreme Court Petition.

On May 21, 2015, PCC filed with the Clerk of the Commission a Motion for Default or, Alternatively, for the Commission to Answer or Otherwise Respond.

On May 22, 2015, PCC filed a Petition for Rehearing in the Supreme Court of Virginia, which requested the Court to rehear its May 12, 2015, order that denied the writ of mandamus against the Commission and dismissed the PCC Supreme Court Petition ("Petition for Rehearing").

On October 16, 2015, the Supreme Court of Virginia denied PCC's Petition for Rehearing.

On October 21, 2015, the Commission exercised its right to cancel Contract #SCC-12-020-ITD awarded under RFP #SCC-12-020-SCC.

NOW THE COMMISSION, upon consideration hereof, finds that the instant matter is moot and shall be dismissed.

Accordingly, IT IS ORDERED THAT this matter is dismissed.

BUREAU OF INSURANCE**CASE NO. INS-2009-00097
MAY 15, 2015**COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

UPPER HUDSON NATIONAL INSURANCE COMPANY,
Defendant**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") if the company has had its corporate existence dissolved or its certificate of authority revoked in the state in which it was organized or in this Commonwealth.

Upper Hudson National Insurance Company, a foreign corporation domiciled in the state of New York ("Defendant"), was initially licensed by the Commission to transact the business of insurance in the Commonwealth on June 25, 1974.

By Affidavit dated April 15, 2009, and received in the Bureau of Insurance ("Bureau") on April 23, 2009, the Defendant's chief financial officer acknowledged an impairment of surplus below the minimum required by § 38.2-1028 of the Code and consented to the suspension of the Defendant's license. Subsequently, the Commission entered an Impairment Order against the Defendant on May 22, 2009.¹

In addition, the Defendant's Virginia certificate of authority was revoked on April 30, 2015, for failure to pay its 2014 annual registration fee.

The Bureau has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in the Commonwealth be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 26, 2015, revoking the license of the Defendant to transact the business of insurance in the Commonwealth unless on or before May 26, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

¹ 2009 S.C.C. Ann. Rept. 142.

**CASE NO. INS-2009-00197
DECEMBER 1, 2015**COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

LINCOLN GENERAL INSURANCE COMPANY,
Defendant**ORDER TO TAKE NOTICE**

Pursuant to § 38.2-1040 of the Code of Virginia, the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in Virginia is hazardous to its policyholders, creditors, and public in Virginia.

Lincoln General Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania ("Defendant"), is licensed by the Commission to transact the business of insurance in Virginia. However, the Commission entered an Order Suspending License against the Defendant on October 6, 2009, based upon a decrease in the Defendant's surplus of 71% in a 12-month period.¹ In addition, the Defendant's 2008 Independent Auditors' Report raised substantial doubt about the Defendant's ability to continue as a going concern.

Subsequently, on November 5, 2015, the Commonwealth Court of Pennsylvania entered an Order of Liquidation² against the Defendant. Additionally, the Defendant's Virginia Certificate of Authority is currently not in good standing.

¹ Pursuant to 14 VAC 5-290-30 of the Commission's Rules Establishing Standards for Companies Deemed to be in Hazardous Financial Condition, 14 VAC 5-290-10 *et seq.*, when an insurer's excess of surplus to policyholders over and above an insurer's statutorily required surplus to policyholders has decreased by more than fifty percent in the preceding twelve-month period or any shorter period of time, the Commission may deem such condition to be hazardous to policyholders, creditors, or the general public.

² *In Re: Lincoln General Insurance Company In Liquidation*, Case No. 1 LIN 2015, Order of Liquidation (Pa. Commw. Ct. Nov. 5, 2015).

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to December 11, 2015, revoking the license of the Defendant to transact the business of insurance in Virginia unless on or before December 11, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

**CASE NO. INS-2013-00035
MAY 7, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RED ROCK INSURANCE COMPANY
F/K/A BANCINSURE, INC.,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the company is insolvent, is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth, or when the company has been found insolvent by a court of any other state.

Red Rock Insurance Company f/k/a Bancinsure, Inc., a foreign corporation domiciled in the State of Oklahoma ("Defendant"), was licensed by the Commission to transact the business of insurance in the Commonwealth. However, the Commission entered an Order Suspending License¹ against the Defendant on December 18, 2014, based upon the Defendant's failure to comply with Virginia's minimum surplus requirement.²

In addition, on August 21, 2014, the District Court of Oklahoma County, State of Oklahoma, entered an Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction³ against the Defendant.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to May 18, 2015, revoking the license of the Defendant to transact the business of insurance in Virginia unless on or before May 18, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

¹ Doc. Con. Cen. No. 141220216.

² In addition, the Commission entered an Impairment Order against the Defendant on March 19, 2013. Doc. Con. Cen. No. 130330020.

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

**CASE NO. INS-2013-00035
OCTOBER 22, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RED ROCK INSURANCE COMPANY
F/K/A BANCINSURE, INC.,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered May 7, 2015,¹ Red Rock Insurance Company f/k/a Bancinsure, Inc., an Oklahoma-domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), was ordered to take notice that the Commission would enter an order subsequent to May 18, 2015, revoking the license of the Defendant unless on or before May 18, 2015, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

¹ Doc. Con. Cen. No. 150520081.

On December 18, 2014, the Commission entered an Order Suspending License² against the Defendant due to the Defendant's failure to eliminate the impairment in its surplus and restore the same to at least \$3 million. The Defendant was to advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 19, 2013.³ In addition, on August 21, 2014, the District Court of Oklahoma County, State of Oklahoma, entered an Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction⁴ against the Defendant. The Court found that the Defendant "is currently insolvent and in a condition such that continued operation would be hazardous to the policyholders, the creditors of the insurer or the general public."⁵

As of the date of this order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in Virginia be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in Virginia should be revoked.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia.
- (3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

² Doc. Con. Cen. No. 141220216.

³ The Commission entered an Impairment Order against the Defendant on March 19, 2013 (Doc. Con. Cen. No. 130330020). The Impairment Order directed the Defendant to eliminate the impairment and provide the affidavit within 90 days.

⁴ *State ex rel. Doak v. Red Rock Ins. Co.*, Case No. CJ-2014-4353, Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction (Dist. Ct. Okla. County Aug. 12, 2014).

⁵ *Id.* at 3.

**CASE NO. INS-2013-00238
MARCH 30, 2015**

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

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

ORDER ADOPTING REVISIONS TO RULES

On November 25, 2013, the State Corporation Commission ("Commission") issued an Order Initiating Proceeding to consider revisions to the Rules Governing Long-Term Care Insurance set forth in Chapter 200 of Title 14 of the Virginia Administrative Code ("Rules").¹

The Order Initiating Proceeding followed an Order Directing Report entered by the Commission on November 26, 2012, in which the Commission noted an increase in the number and frequency of long-term care insurance premium rate increase requests. As a result, the Commission directed the Bureau of Insurance ("Bureau") to prepare a report that studied premium rate increases associated with long-term care policies.²

On October 4, 2013, the Bureau filed its Final Report of Findings ("Report") with the Commission. The Report found, among other things, that the significant premium rate increases experienced by long-term care insurance policyholders in Virginia resulted from a complex interaction between various driving factors. Specifically, the Report identified the lack of experience data for early long-term care insurance policies and changes in expected mortality, lapse rates, claim costs, and earned interest experience as the primary driving factors behind such rate increases. While the Report provided the Commission with several options to consider to ease the burden of premium rate increases on long-term care insurance policyholders, it also acknowledged the fact that there would be no easy regulatory solution to this problem and that any changes to the regulatory framework would require balancing multiple interests, including consumer protection and insurer solvency.

Subsequently, the Commission found that it was appropriate to undertake a review of the Report and the Rules. The Commission issued two separate Orders³ to allow interested persons and issuers writing long-term care insurance in Virginia, as well as members of the general public and certain

¹ The Rules can be found at: <http://law.lis.virginia.gov/admincode/title14/agency5/chapter200>.

² *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of investigating long-term care insurance premium rates*, Case No. INS-2012-00282, Doc. Con. Cen. 121130186, Order Directing Report (Nov. 26, 2012).

specific individuals who had filed complaints or inquiries with the Bureau about long-term care premium rate increases within the prior two years, respectively, to comment on the Bureau's Report and propose amendments to the Rules. The Bureau received comments from 171 residents of the Commonwealth of Virginia. These comments emphasized the frustration and hardship felt by many long-term care insurance policyholders experiencing significant rate increases in Virginia, as well as their fears about the possibility of experiencing further rate increases in the future. In general, the comments fell into the following three categories: (i) the need to protect policyholders from unreasonable or excessive rate increases; (ii) the need to protect policyholders from having to bear the burden of pricing errors made by long-term care insurers; and (iii) a lack of transparency surrounding long-term care insurance rate increases and rate filings.

As a result of those comments, the Bureau filed a Response ("Response") on May 1, 2014. In its Response, the Bureau provided a brief historical overview of long-term care insurance rate regulation in Virginia, noting the Virginia General Assembly's enactment of Chapter 52 of Title 38.2 of the Code of Virginia in 1987 and the Commission's adoption of the Rules in 1992. These legislative and rulemaking efforts followed the National Association of Insurance Commissioners' ("NAIC") adoption of a Model Act and Model Regulation governing long-term care insurance in 1986 and 1988, respectively. Additionally, as emerging long-term care insurance experience developed and new information became available in the latter part of the 1990s, Virginia adopted "rate stabilization" revisions to the Rules in 2000. These revisions created a bifurcated set of rate review standards applicable to long-term care insurance policies issued before October 1, 2003 ("pre-rate stability policies") and those issued on or after that date ("post-rate stability policies"). In particular, pre-rate stability policies were priced using a loss-ratio standard that, in many cases, resulted in lower initial premiums and higher subsequent rate increases, while post-rate stability policies were priced using rate stabilization standards that strove to produce higher initial premiums but lower and less frequent subsequent rate increases.

In its Response, the Bureau went on to recommend that the Commission amend the Rules to incorporate several of the changes set forth by the NAIC in its Model Regulation #641 ("Model Regulation"), as well as its Model Bulletin of Alternative Filing Requirements for Long-term Care Premium Rate Increases ("Model Bulletin"). Among other things recommended by the Bureau⁴ was the requirement that insurers limit any rate increase to a recommended loss ratio that is the greater of 60% or the lifetime loss ratio used in the original pricing, plus 80% on any premium increase in the individual market for pre-rate stability policies. In addition, the Bureau recommended that the Commission require long-term care insurers to take a more active role in managing long-term care insurance rates and to adopt a more conservative approach for the initial pricing of policies by requiring that premiums for initial filings contain a composite margin for moderately adverse experience of no less than 10% of lifetime claims. While the majority of the recommendations made by the Bureau closely mirrored those set forth in the Model Regulation and Model Bulletin, the Bureau went beyond the NAIC in recommending that the provisions found in the Model Bulletin be included as part of the proposed amendments to the Rules to ensure that the Bureau would have explicit authority to enforce such provisions and in requiring that insurers provide an annual rate report showing a complete analysis and review of premium rates not only for post-rate stability policies but for pre-rate stability policies as well.

On May 1, 2014, the Commission scheduled a hearing to receive comments on the Bureau's Response.⁵ The hearing was held on June 19, 2014, at which time public oral comments were received.⁶ Based on the Report, written and oral comments, and the Response, the Bureau submitted to the Commission proposed amendments to the Rules. The proposed amendments largely mirrored the recommendations made by the Bureau in its Response.

The Commission issued an Order to Take Notice on October 14, 2014, providing an opportunity for the filing of comments or requests for hearing on the proposed amendments to the Rules.⁷ The Bureau received 11 written comments from consumers. The majority of these consumer comments were similar to those previously received by the Commission in connection with the Bureau's Report and expressed long-term care insurance policyholders' continued frustration with and concern regarding the rising costs of their policies. No requests for a hearing were filed with the Clerk of the Commission ("Clerk").

In addition to these consumer comments, the American Council of Life Insurers ("ACLI") and America's Health Insurance Plans ("AHIP") jointly filed comments.⁸ The ACLI and AHIP offered several technical comments that, in most cases, aligned the Rules more closely with the Model Regulation and Model Bulletin, specifically with regard to notice requirements and annual rate report filings. The ACLI and AHIP also asserted that the proposed Rules should be revised to require use of the maximum valuation interest rate in the calculation of rate increases for long-term care insurance policies, and that the proposed Rules regarding the calculation of benefits in the event of a reduction in coverage should be revised to make exception for long-term care insurance policies issued prior to the effective date of the regulation. Further, the ACLI and AHIP reserved their right to request a hearing at a later date if the Bureau's response to comments and the Commission's decision regarding the Rules were not agreeable to them.

On January 12, 2015, the Bureau filed its Statement of Position on the filed comments ("Statement"). In its Statement, the Bureau addressed several technical comments made by the ACLI and AHIP and agreed to withdraw its proposed amendment regarding interest rates for post-rate stability policies that are already in existence. However, the Bureau maintained that the maximum valuation interest rate should not be used to calculate rate increases for pre-rate stability policies.

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

⁴ See Bureau's Response, pp. 11-15, Doc. Con. Cen. No. 140510018 (May 1, 2014).

⁵ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance*, Case No. INS-2013-00238, Doc. Con. Cen. No. 140510027, Order Scheduling Hearing (May 1, 2014).

⁶ A transcript of the hearing can be found at: <http://docket.scc.virginia.gov/vaproduct/main.asp> by using the "Search Cases" feature and searching for Case No. INS-2013-00238.

⁷ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of revising the Rules Governing Long-term Care Insurance*, Case No. INS-2013-00238, Doc. Con. Cen. No. 141040086, Order to Take Notice (Oct. 14, 2014).

⁸ Doc. Con. Cen. No. 141210034.

Subsequent to the Bureau's Statement, the ACLI and AHIP filed a letter with the Clerk on January 28, 2015. In their letter, the ACLI and AHIP restated their position that the proposed Rules should be amended to require use of the maximum valuation interest rate in the calculation of rate increases for not only post-rate stability policies, but also for pre-rate stability policies and new issues. In addition, their letter addressed the application of the proposed Rules' calculation of benefits in the event of a reduction in coverage provision to existing contracts.

The Bureau filed a Reply to Industry Comments ("Reply") on February 13, 2015, in which it agreed that it would be appropriate to use the maximum valuation interest rate in the calculation of all future premium rate increases since this approach was consistent with the NAIC Model Regulation and would likely have a minimal effect on rate increases going forward. The Bureau also agreed not to recommend that the Rule regarding the calculation of benefits in the event of a reduction in coverage be applied to existing contracts with contrary language since these contracts were priced based on such language.

Based on the Bureau's Reply, the ACLI and AHIP withdrew their reserved right to request a hearing on February 23, 2015, via e-mail to the Commission's Office of General Counsel.

The Bureau has submitted the Rules, as amended, to the Commission and the Bureau recommends that the Rules be adopted as revised, to become effective September 1, 2015, which will allow insurers approximately six months to comply with the new provisions of these Rules.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that the attached revisions, amendments and modifications to the Rules should be adopted as final, to become effective September 1, 2015.

As various filings made in this docket have demonstrated, significant premium rate increases have continued to impact long-term care insurance policyholders in Virginia. The Commission has sought over the last several years to identify more clearly the drivers of these increases and to clarify if, and to what extent, the current regulatory framework applicable to long-term care insurance rate review may have become insufficient to address effectively the numerous consumer complaints the Bureau has received. The Commission recognizes the extremely difficult nature of this issue and the need to consider numerous factors – including the significant premium rate increases experienced by long-term care insurance policyholders, the ability of the insurers issuing long-term care insurance policies to pay claims in the future and meet their contractual obligations, the equitable and fair treatment of all policyholders, both new and existing, and the sustainability of the long-term care insurance market in Virginia – in adopting changes to the current regulatory framework.

The Commission finds that the amendments proposed by the Bureau address many of the concerns expressed not only by consumers, but by the Commission as well, regarding long-term care insurance premium rate increases in Virginia. These proposed amendments, which are discussed in more detail in the Bureau's Response and Reply and attached as Exhibit A, strive to both protect consumers and place heightened scrutiny on long-term care insurers seeking to raise premium rates. In addition, as discussed above, the Bureau's proposed amendments to the Rules are substantially similar to certain revisions to the NAIC Model Regulation or contained in the NAIC Model Bulletin,⁹ which the NAIC spent a considerable amount of time and effort developing based on extensive national discussion and collaboration with a broad set of stakeholders, including state insurance regulators, industry groups and consumer groups. The Commission finds that while the Bureau's proposed amendments to the Rules will not eliminate long-term care insurance premium rate increases, such proposed amendments adopt a more conservative approach for the initial pricing of long-term care policies, require insurers to take a more active role in managing long-term care insurance rates, and provide additional and necessary protections to long-term care insurance policyholders in Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The amendments and revisions to the Rules Governing Long-Term Care Insurance at Chapter 200 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-200-30, 14 VAC 5-200-40, 14 VAC 5-200-70, 14 VAC 5-200-75, 14 VAC 5-200-77, 14 VAC 5-200-100, 14 VAC 5-200-120, 14 VAC 5-200-150, 14 VAC 5-200-153, 14 VAC 5-200-183, and 14 VAC 5-200-185 and add new Rules at 14 VAC 5-200-125, 14 VAC 5-200-154, and 14 VAC 5-200-195, and are attached hereto and made a part hereof, are hereby ADOPTED to be effective September 1, 2015.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted Rules, shall be sent by the Clerk of the Commission to the Bureau in care of Deputy Commissioner Althelia P. Battle, who forthwith shall give further notice of the adoption of the amendments to the Rules to all insurers licensed by the Commission to sell long-term care insurance 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 an affidavit of compliance with the notice requirements in 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 Long-Term Care Insurance" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

⁹ Code of Virginia § 38.2-5206 A (requiring that long-term care insurance regulations pertaining to filing requirements and premium rate increases be "similar to those set forth in the model regulation for long-term care insurance developed by the National Association of Insurance Commissioners.").

**CASE NO. INS-2014-00128
APRIL 28, 2015**

PETITION OF
ATLANTIC PROTECTIVE SECURITY, INC.

For a review of a decision by the National Council on Compensation Insurance pursuant to § 38.2-2018 of the Code of Virginia

FINAL ORDER

On May 30, 2014, Atlantic Protective Security, Inc. ("Petitioner" or "AP Security"), filed with the Clerk of the State Corporation Commission ("Commission"), pursuant to § 38.2-2018 of the Code of Virginia ("Code"), a petition for review ("Petition")¹ of a decision by the National Council on Compensation Insurance ("NCCI"). The Petitioner appealed the decision by NCCI to transfer the workers' compensation insurance experience rating modification of another business, Atlantic Protective Services, Inc. ("AP Services"), to AP Security. Specifically, AP Security argued that NCCI Virginia Internal Review Panel made incorrect factual and legal findings under Rules 3-C,² 3-E,³ and 3-F⁴ of NCCI Experience Rating Plan Manual ("Experience Manual") when it transferred the experience rating modification of AP Services (a value of 2.21) to AP Security. According to the Petition, the transfer of experience rating ultimately increased the costs of the Petitioner's workers' compensation insurance premiums.⁵

On June 26, 2014, the Commission entered an Order Scheduling Hearing⁶ which, among other things, docketed the Petition; directed NCCI to file an answer or other responsive pleading to the Petition on or before July 23, 2014; scheduled an evidentiary hearing in this matter for September 17, 2014; and assigned this matter to a Hearing Examiner to conduct all further proceedings on behalf of the Commission and file a final report.

On July 21, 2014, NCCI filed its response to the Petition ("Response").⁷ In its Response, NCCI argued that AP Security is sufficiently related to AP Services that it is considered a successor entity to AP Services,⁸ thereby "inheriting" AP Services' workers' compensation loss record.⁹ NCCI explained that Rule 3-C states that changes in ownership, including formation of a new entity that acts as a successor, may impact an entity's rating absent certain exceptions in Rule 3-E.¹⁰ NCCI asserted that the workers' compensation loss experience data of AP Services should not be ignored because AP Security was formed to take over some of the functions of AP Services and because officers of the two entities worked closely to ensure customers smoothly transitioned to AP Security's service.¹¹

On September 17, 2014, the hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Petition. Norman A. Thomas, Esquire, appeared on behalf of the Petitioner; Charles H. Tenser, Esquire, appeared on behalf of NCCI; and John O. Cox, Esquire, appeared on behalf of the Bureau of Insurance.

The Petitioner presented the testimony of two witnesses: Kenneth Wayne Stipes ("Stipes"), the owner of AP Security; and David Wade McClenny, an owner of AP Services. NCCI presented the testimony of one witness, Timothy Joel Hughes ("Hughes"), a dispute resolution manager for NCCI.

On November 5, 2014, the Hearing Examiner issued his report ("Report") that summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing.

First, the Hearing Examiner noted that under Rule 3 of the Experience Manual rules, the workers' compensation experience modification is transferred from one entity to another when one entity is a successor to that other entity. In considering whether AP Security is a successor to AP Services, he analyzed the connections between the owners of AP Security and AP Services and considered whether the operations of the new business are materially different from those of the old business.¹²

¹ Doc. Con. Cen. No. 140530292.

² Rule 3-C of the Experience Manual addresses ownership changes and combination of entities. NCCI Experience Rating Plan Manual (2003).

³ Rule 3-E of the Experience Manual addresses the transfer of experience from one entity to another. *Id.*

⁴ Rule 3-F of the Experience Manual addresses attempts by employers to evade an experience rating modification. *Id.*

⁵ Petition at 1-2.

⁶ Doc. Con. Cen. No. 140640214.

⁷ Doc. Con. Cen. No. 140720200.

⁸ If AP Security, the new business, is found to be a successor to another entity, in this case AP Services, then according to the Experience Manual the workers' compensation-related experience of the old entity "will be retained or transferred to the experience ratings of the acquiring, surviving or new entity" absent a specific exclusion. Rule 3-E-1 of the Experience Manual.

⁹ NCCI Response at 2.

¹⁰ *Id.* at 2-3.

¹¹ *Id.* at 3-4.

¹² Report at 18.

The Hearing Examiner noted that there was no sale of ownership interest from AP Services to AP Security and that the two companies are operated independently. He explained, however, that AP Security was formed to subcontract most of AP Services' physical security business and that AP Security acquired approximately 90% of AP Services' physical security clients and 60% of AP Services' employee security guards to serve those customers. He noted that AP Services is still in business but focuses on the electronic rather than the physical security business. He further noted that AP Security has no other clients except those procured via subcontract with AP Services and that, although there was a change in the process or hazard between AP Services and AP Security, the change was not material. Accordingly, the Hearing Examiner found that AP Security is a successor entity to AP Services for the purpose of transferring the workers' compensation experience rating modification of AP Services to AP Security.¹³

The Hearing Examiner next considered whether there was an exception in the Experience Manual applicable to AP Security. He reviewed Rule 3-E-2, which provides that the workers' compensation experience of AP Services would not apply to AP Security if three criteria are met: (a) there is a material change such that the entire ownership interest after the change had no ownership interest before the change; (b) in addition to the material change in ownership, there is an accompanying change in operations sufficient to result in a different governing classification; and (c) in addition to the material change in ownership, there is an accompanying change in the process and hazard of the operations.¹⁴ The Hearing Examiner found that AP Services met parts (a) and (c) of the exception but not part (b). He noted that the Commission-approved special class code for AP Services' security guards was Class Code 7723;¹⁵ this is the same class code applicable to AP Security's security guards.¹⁶ Since the material change in ownership was not accompanied by a change in operations that resulted in a new classification to something other than Class Code 7723, the Hearing Examiner found that AP Security failed to meet all three criteria necessary for the exception in Rule 3-E-2 to apply.¹⁷

The Hearing Examiner also considered whether Rule 3-F applies to AP Security. Under this rule, regardless of intent, an action that results in the misapplication or miscalculation of an experience rating modification is prohibited.¹⁸ The Hearing Examiner found that there is no evidence that AP Security was formed to evade the experience rating modification of AP Services. He further found there is no evidence that AP Security's experience rating modification was incorrectly calculated or misapplied. Instead, he found that the evidence in the record supports a finding that AP Security's experience rating modification was applied in accordance with the Experience Manual and therefore Rule 3-F is inapplicable to this case.¹⁹

In summary, the Hearing Examiner found that: (i) Under Rule 3-C-1 of the Experience Manual, AP Security is a successor entity to AP Services for purposes of transferring the workers' compensation experience rating of AP Services to AP Security; (ii) AP Security does not qualify for the exclusion found in Rule 3-E-2 of the Experience Manual; (iii) Rule 3-F of the Experience Manual is inapplicable because there is no evidence that AP Security's experience rating modification was miscalculated or misapplied; and (iv) AP Security's employees were properly classified to Class Code 7723.

Based upon his findings the Hearing Examiner recommended that the Commission enter an order that affirms NCCI's decision to transfer AP Services' experience rating modification of 2.21 to AP Security pursuant to the Experience Manual rules.

On November 26, 2014, NCCI filed its comments to the Report ("NCCI Comments").²⁰ NCCI's Comments requested that the Commission adopt the recommendations in the Report.

On December 1, 2014, AP Security filed its comments to the Report ("AP Security Comments").²¹ AP Security argued that the facts of the case do not establish a change of ownership or a transfer of operations from AP Services to AP Security within the meaning of the Experience Manual.²² AP Security also claimed that NCCI incorrectly performed its duties as a rate service organization pursuant to §§ 38.2-1909, 38.2-2000, and 38.2-2018 of the Code to ensure that factors are properly used to determine insurance rates and to provide reasonable means for AP Security to appeal the improper

¹³ *Id.* at 19. The Hearing Examiner discussed similarities and differences between AP Security's situation and the facts in several prior Commission cases, namely *Petition of Wilcon, Ltd. and Suburban Cable Company, For a review of a decision by the National Council on Compensation Insurance pursuant to Virginia Code § 38.2-2018*, Case No. INS-1994-00066, 1995 S.C.C. Ann. Rept. 56, Final Order (Apr. 14, 1995); *Petition of Bartholomew Corporation, For a review of a decision by the National Council on Compensation Insurance pursuant to Virginia Code § 38.2-2018*, Case No. INS-1994-00065, 1995 S.C.C. Ann. Rept. 56, Final Order (Apr. 14, 1995); and *Petition of Valley Staffing, Inc., For review of a decision by the National Council on Compensation Insurance pursuant to § 38.2-2018 of the Code of Virginia*, Case No. INS-2006-00127, 2007 S.C.C. Ann. Rept. 86, Order (Oct. 3, 2007). Report at 15-17, 18-19.

¹⁴ Report at 19-20; Rule 3-E-2 of the Experience Manual.

¹⁵ In Virginia, Class Code 7723 applies "to insureds engaged in the business of safeguarding the persons or property of others," including those guarding exterior doors, those who check office buildings and parking lots, those who deliver large amounts of cash in armored cars, and those who work as "bouncers" at nightclubs and restaurants. NCCI Scopes Manual, Virginia Edition (2009).

¹⁶ The Hearing Examiner addressed AP Security's argument that Class Code 7720 applied by noting that Class Code 7720 is inapplicable in Virginia. He found that AP Security's security guards are properly classified to Class Code 7723. Report at 20.

¹⁷ *Id.* In its comments on the Hearing Examiner's Report, AP Security withdrew its assertion that the exclusion provided by Rule 3-E-2 could apply to it. See AP Security Comments at 2, n.2.

¹⁸ Rule 3-F of the Experience Manual.

¹⁹ Report at 20.

²⁰ Doc. Con. Cen. No. 141120295.

²¹ Doc. Con. Cen. No. 141210001.

²² AP Security Comments at 2-6.

application of the experience rating system.²³ Specifically, AP Security objected to certain aspects of Hughes' testimony and asserted that NCCI used flawed procedures in its panel hearing process.²⁴

NOW THE COMMISSION, having considered the record in its entirety, including the Petition, the evidence presented at the hearing, the Hearing Examiner's Report and the comments and arguments thereon, and the applicable law, is of the opinion and finds that NCCI's May 5, 2014, ruling against AP Security is hereby reversed.

Based on the specific facts of this case, we find that AP Security is not "a new entity that acts as, or in effect is a successor to" AP Services pursuant to Rule 3-C-1-a-(4). We likewise find, based on these facts, that AP Security did not undertake any action that requires the transfer of AP Services' experience rating modification under Rule 3-F. Taken as a whole, the facts supporting this finding include, but are not necessarily limited to, the following:

AP Security is a separate legal entity from AP Services,²⁵ with no common owners,²⁶ and the businesses are operated independently by their respective owners.²⁷ AP Security is an independent contractor and as such receives no direction or input from AP Services on managerial or operational matters.²⁸

Stipes, the owner and operator of AP Security, sets all hiring policies as well as all procedures and work rules for AP Security employees.²⁹ Stipes has extensive experience, education, and training in the security industry.³⁰ Under the direction of Stipes, AP Security has implemented business practices that are distinct from those previously utilized by AP Services.³¹ As a result, AP Security has not undertaken any of the clients associated with AP Services' workers' compensation losses, and has discontinued providing security services to the types of risk that resulted in those losses.³²

In addition, AP Security has implemented more thorough and detailed hiring practices than were utilized at AP Services.³³ AP Security has not hired any of the employees associated with the aforementioned losses suffered by AP Services.³⁴ Indeed, AP Security only hired approximately 60% of AP Services' former security officers,³⁵ even though it is customary in the industry that a new security company undertaking another company's former work will hire substantially all of the former company's on-site employees.³⁶

Although AP Security's book of business is currently limited to AP Services' former work, this is due to Stipes exercising prudent business judgment in suspending new marketing activities pending the outcome of the instant experience rating appeal.³⁷

Accordingly, IT IS ORDERED THAT:

- (1) The Petition of AP Security for review of a decision by NCCI pursuant to § 38.2-2018 of the Code is GRANTED.
- (2) NCCI's decision to transfer AP Services' experience rating modification of 2.21 to AP Security pursuant to the Experience Manual rules is REVERSED.
- (3) This case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be passed to the file for ended causes.

²³ *Id.* at 6.
²⁴ *Id.* at 6-9.
²⁵ Transcript at 21, Ex. 1.
²⁶ Transcript at 21, 76.
²⁷ Transcript at 22.
²⁸ Transcript at 22, 50.
²⁹ Transcript at 55.
³⁰ Transcript at 23-31.
³¹ Transcript at 55.
³² Transcript at 47-48.
³³ Transcript at 55.
³⁴ Transcript at 48-49.
³⁵ Transcript at 56.
³⁶ Transcript at 48-49.
³⁷ Transcript at 54.

**CASE NO. INS-2014-00189
APRIL 9, 2015**

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

v.

CHASE CARMEN HUNTER,
Defendant

JUDGMENT ORDER

On October 21, 2014, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Amended Rule") against Chase Carmen Hunter ("Hunter" or "Defendant")¹ based on allegations made by the Commission's Bureau of Insurance ("Bureau"). Specifically, the Bureau alleged that Hunter violated § 38.2-1809 of the Code of Virginia ("Code") by failing to permit the Bureau to examine her records related to her solicitation and sale of renters insurance policies in the Commonwealth of Virginia ("Commonwealth").

The Bureau further alleged that it was conducting an investigation to determine if Hunter violated insurance laws by offering and selling renters insurance policies to Virginia consumers while misrepresenting those policies as including dangerous dog liability insurance.² According to the Amended Rule, in connection with its investigation, the Bureau sent a letter to Hunter ("May 7th Letter") in which the Bureau informed Hunter of the nature of its investigation and its authority to examine her records pursuant to § 38.2-1809 of the Code, which authorizes the Commission to "examine all records relating to the writing or alleged writing of insurance" in the Commonwealth. Pursuant to that authority, the Bureau requested, among other things, that Hunter make available her records related to all sales of renters policies sold since 2010.³ The Bureau alleged that Hunter refused to provide a single record in compliance with the Bureau's request and therefore requested that the Commission revoke Hunter's license to transact the business of insurance and issue monetary penalties against her.⁴

Among other things, the Amended Rule assigned the case to a Hearing Examiner, directed Hunter to file a responsive pleading on or before November 13, 2014, and scheduled a hearing in this case on November 19, 2014.⁵

After normal business hours on November 13, 2014, the Defendant electronically submitted an Entry of Special Appearance by Respondent to Challenge Jurisdiction ("Special Appearance").⁶ In her Special Appearance, the Defendant made a number of factual allegations related to the Bureau's investigation of her and litigation in other forums. She argued that the Amended Rule should be dismissed and that the hearing should be cancelled because she had not been consulted regarding the hearing date,⁷ and because the Commission lacked authority to issue the Amended Rule and to consider the issues in this case.

On November 19, 2014, the hearing was convened as scheduled. William Stanton, Esquire, appeared on behalf of the Bureau. Hunter appeared *pro se* by telephone almost 30 minutes after the hearing had commenced.⁸

At the hearing, the Bureau made an oral Motion for Default Judgment ("First Motion for Default Judgment") based on Hunter's failure to file an appropriate response to the Amended Rule and her initial failure to appear at the hearing. The Bureau also made an oral Motion to Quash ("Motion to Quash") certain discovery filed by Hunter on November 14, 2014. The Hearing Examiner took the Bureau's First Motion for Default Judgment under advisement, continued the hearing, and established a schedule for the filing of written pleadings in connection with the Bureau's Motion to Quash.⁹

On November 21, 2014, Hunter filed an Entry of Special Appearance by Respondent to Object to Document Entered by A. Ann Berkebile on November 20, 2014 ("First Objection"). In her First Objection, Hunter argued that the Hearing Examiner has no jurisdiction to hear the case, the Special Appearance should be ruled upon before the case proceeded, and that she should be provided additional time beyond that set forth in the November 20th Ruling to respond to the Motion to Quash.¹⁰

¹ The Commission initially entered a Rule to Show Cause ("Rule") on October 7, 2014, against "Carmen Chase Hunter," but subsequently issued the Amended Rule correcting the Defendant's name to "Chase Carmen Hunter." The allegations in the Rule and the Amended Rule are identical.

² Amended Rule at 2.

³ *Id.* at 2-3, Attachment 1.

⁴ *Id.* at 1.

⁵ *Id.* at 4-5.

⁶ Hunter submitted the Special Appearance to the Commission's Clerk's Office electronically after 5 p.m. on November 13, 2014. Therefore, in accordance with Rule 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure ("Commission Rules"), 5 VAC 5-20-10 *et seq.*, the Special Appearance was not officially filed until November 14, 2014.

⁷ See Special Appearance at 47.

⁸ Hunter had not requested leave to appear by telephone prior to the start of the hearing.

⁹ The filing schedule was established by Ruling of the Hearing Examiner on November 20, 2014 ("November 20th Ruling").

¹⁰ First Objection at 1-2, 4.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

In accordance with the November 20th Ruling, the Bureau and Hunter both filed pleadings concerning discovery. Among other things, Hunter argued that denying her request to discovery in this case would violate her constitutional rights.¹¹

On December 5, 2014 ("December 5th Ruling"), the Hearing Examiner denied Hunter's request for dismissal as requested in the Special Appearance and granted in part, and denied in part, the Bureau's Motion to Quash, requiring the Bureau to provide certain discovery documents to Hunter.

On December 11, 2014, Hunter filed an Entry of Special Appearance by Respondent to Object to Document Entered by A. Ann Berkebile on December 5, 2014, through which she renewed the arguments for dismissal she had made in her Special Appearance.

That same day, the Hearing Examiner entered a Ruling scheduling a second hearing on the Amended Rule for January 29, 2015.

On January 23, 2015, the Bureau filed a Renewed Motion for Default Judgment ("Second Default Judgment Motion"). In the Second Default Judgment Motion, the Bureau asserted that Hunter failed to file a pleading admitting or denying the factual allegations in the Amended Rule.¹² In addition, the Bureau asserted that Hunter had failed to participate in the hearing because, among other things, she failed to appear personally at the first hearing, failed to contact the Bureau to make arrangements to review the Bureau's investigatory records that the Bureau made available in accordance with the December 5th Ruling, and failed to appear at her scheduled deposition on January 8, 2015.¹³

On January 28, 2015, the day before the second scheduled hearing in this case, Hunter filed a Supplement to Entry of Special Appearance by Respondent to Challenge Jurisdiction ("Supplemental Special Appearance"). In the Supplemental Special Appearance, Hunter argued that the Amended Rule should be dismissed because it was part of an "intentional criminal conspiracy" against her that involves the Virginia Attorney General¹⁴ and the "federal judicial system"¹⁵ and that this regulatory action is being used as a means to "kidnap" her to "facilitate [her] death or to confine [her] in a jail."¹⁶ Hunter further argued that the Hearing Examiner should disqualify herself because Hunter filed lawsuits against the Hearing Examiner in the United States District Court and the Supreme Court of Virginia.¹⁷ In addition, Hunter argued that the Bureau's method of providing records for her review and scheduling her deposition were inappropriate.¹⁸

The hearing was reconvened as scheduled on January 29, 2015. William Stanton, Esquire, again appeared on behalf of the Bureau. Hunter did not appear at the hearing, nor did she contact the Commission concerning her failure to appear. A complete transcript of the hearing was filed on February 13, 2015.¹⁹

During the hearing, the Bureau presented the testimony of Juan Rodriguez ("Rodriguez"), the supervisor of the Bureau's Property and Casualty Agent Investigations Section. Rodriguez testified that the Bureau began investigating Hunter, a Virginia resident licensed insurance agent, to determine if she is purchasing renters insurance policies over the internet, altering them to look like dangerous dog insurance, and then reselling them to consumers over the internet from her home.²⁰ He further testified that between 2012 and 2014 the Bureau appeared at Hunter's home on several occasions and left several notes at Hunter's home requesting to meet but that Hunter did not respond to such requests.²¹ In addition, he identified a letter from Hunter to the Bureau dated March 5, 2014, wherein, among other things, Hunter appeared to oppose the Bureau's attempts to review her records and wherein she demanded a list of the specific records that the Bureau wished to review.²² According to Rodriguez, the Bureau was not required to provide such a list to Hunter; nevertheless, the Bureau sent Hunter the May 7th Letter that complied with all of Hunter's requests and identified the documents and information the Bureau was requesting in connection with its investigation.²³

Rodriguez further testified that on June 13, 2014, Hunter faxed him and requested an additional two weeks to respond to the May 7th Letter.²⁴ On July 1, 2014, Hunter faxed Rodriguez another letter wherein she asserted the Bureau's request to review her records was "barred" and that she did not

¹¹ See Entry of Special Appearance by Respondent to Object to Motion to Quash Filed on or about November 24, 2014, at 3, 6 (hereinafter, "Response to Motion"). Hunter also raised a number of unrelated issues in the Response to Motion including, among other things, assertions that she should have been consulted regarding the hearing date and that she was entitled to a jury trial.

¹² Second Default Judgment Motion at 1-2, 5.

¹³ *Id.* at 2, 4.

¹⁴ Supplemental Special Appearance at 2, 4.

¹⁵ *Id.* at 6.

¹⁶ *Id.* at 4.

¹⁷ *Id.*

¹⁸ *Id.* at 5-6.

¹⁹ The transcript from the first hearing, held on November 19, 2014, was filed on December 5, 2014.

²⁰ Tr. at 83, 86-87. See also Ex. 2 and 2c.

²¹ Tr. at 91, 97.

²² *Id.* at 94-95. See also Ex. 4.

²³ Tr. at 95.

²⁴ *Id.* at 99-100. See also Ex. 5.

have any documents responsive to the May 7th Letter.²⁵ Rodriguez went on to testify that Hunter had not provided a single document to the Bureau in response to its requests.²⁶

Rodriguez also testified that the Bureau has reason to believe that Hunter is in possession of documents that are responsive to the May 7th Letter including documents related to Hunter's 2013 sale of a renter's insurance policy to a resident of Waynesboro that was altered to appear as though it was a dangerous dog policy.²⁷ In addition, he testified that the Bureau has interviewed a number of animal control officers in the Commonwealth and believes from information obtained in those interviews that Hunter has purchased renters insurance policies, altered them to appear as dangerous dog insurance, and then resold them to consumers in several Virginia locations.²⁸

The Bureau requested that the Commission revoke Hunter's insurance license, issue monetary penalties against her, and order her to produce her records.²⁹

On March 3, 2015, the Hearing Examiner filed her report ("Report"), which summarized the factual and procedural history of the case, as well as the evidence and arguments presented throughout the course of the case.

As a preliminary matter, the Hearing Examiner disagreed with Hunter's contention that the Hearing Examiner should have recused herself from consideration of this case. The Hearing Examiner assessed that Hunter had inappropriately attempted to manipulate these proceedings by naming the Hearing Examiner as a party in litigation that Hunter pursued, unsuccessfully, before the United States District Court for the Eastern District of Virginia and the Supreme Court of Virginia.³⁰ She concluded that Hunter's filing of meritless lawsuits in other forums does not support recusal in this case.³¹

Next, the Hearing Examiner concluded that the entry of default judgment is appropriate because Hunter failed to appear at the hearing on January 29, 2015, and "never expressly admitted or denied the allegations in the Amended Rule despite being directed to do so" by the Amended Rule.³² The Hearing Examiner further found that the Bureau has proven its allegations by clear and convincing evidence.³³ The Hearing Examiner found that Hunter committed at least 16 violations of § 38.2-1809 of the Code.³⁴

In considering an appropriate penalty, the Hearing Examiner concluded that Hunter intentionally attempted to preclude the Bureau's review of her insurance records by "engaging in a pattern of obstruction and delay."³⁵ The Hearing Examiner further agreed with the Bureau that Hunter's "utter disregard of her statutory obligations under § 38.2-1809 of the Code justifies the permanent revocation of her Virginia insurance licenses."³⁶

Accordingly, the Hearing Examiner recommended that: (1) Hunter's Virginia resident agent and surplus lines broker licenses should be permanently revoked pursuant to §§ 38.2-1831 and 38.2-1857.7 of the Code; and (2) Hunter should be penalized in the amount of \$5,000 for each of her 16 violations of the Code for a total penalty of \$80,000. The Report recommended, however, that the Commission waive the penalty of \$80,000 if Hunter produced the records requested in the May 7th Letter to the Bureau within 21 days of the date of the Report.³⁷

Neither Hunter nor the Bureau filed comments to the Report.

²⁵ Tr. at 102-103. *See also* Ex. 6.

²⁶ Tr. at 103-104.

²⁷ *Id.* at 107, 109-116. *See also* Ex. 8 and 8C.

²⁸ Tr. at 109-113.

²⁹ *Id.* at 116-120.

³⁰ Report at 6-7. *See Hunter v. State Corp. Comm'n*, Record No. 141543, Supreme Court of Virginia, November 20, 2014, Amended Petition for Writ of Prohibition and Writ of Mandamus. Hunter also named the individual Commissioners of the Commission as parties in these cases, both of which have now been dismissed. *See* Memorandum Order Granting Motion to Proceed in *Forma Pauperis* and Dismissing the Complaint, Case No. 3:14-cv-00704-HEH (U.S. Dist. Ct., E.D. Va., Jan. 5, 2015); Order entered by Supreme Court of Virginia on January 21, 2015, dismissing Record No. 141543. Similarly, the United States Court of Appeals for the Fourth Circuit dismissed Hunter's Petition for Mandamus seeking to compel the District Court to take action on her Complaint. *See In re: Chase Carmen Hunter*, Per Curiam Opinion Dismissing Petition for Writ of Mandamus (Case No. 3:14-cv-00704-REP) (4th Cir. Dec. 18, 2014) (unpublished).

³¹ Report at 7 (citing *Commonwealth of Virginia ex rel. State Corp. Comm. v. Eden Fin. Group, Inc. et al.*, Case No. INS-1991-00287, 1991 S.C.C. Ann. Rep. 124 (Order on Motions) (Nov. 26, 1991) (rejecting an attempt of defendants in a Rule to Show Cause proceeding's attempts to avoid the enforcement of a prior Commission order by naming the Commission as a defendant in a federal lawsuit that was ultimately dismissed)).

³² Report at 7-8 (emphasis in original).

³³ *Id.* at 9.

³⁴ *Id.* at 10.

³⁵ *Id.* at 9.

³⁶ *Id.* at 10.

³⁷ *Id.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations as detailed in her Report should be adopted. Since 21 days have passed since the date of the Report and there is no evidence that Hunter produced the records requested in the May 7th Letter, we further find that Hunter should be penalized in the amount of \$80,000.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Report are hereby adopted.
- (2) The licenses of Hunter to transact the business of insurance as an insurance agent and surplus lines broker in the Commonwealth are hereby revoked.
- (3) All appointments issued under said licenses are hereby void.
- (3) Pursuant to § 38.2-218 of the Code, Hunter is hereby penalized in the amount of \$80,000 for 16 violations of § 38.2-1809 of the Code.
- (4) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00194
MAY 22, 2015**

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

v.
CRYSTAL WHITNEY MILLER-JOHNSON
and
ASSOCIATED INSURANCE SYSTEM SERVICES, INC. – RAYMOND A. MILLER,
Defendants

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") is conducting an investigation of Crystal Whitney Miller-Johnson ("Miller-Johnson") and Associated Insurance System Services, Inc. – Raymond A. Miller ("Agency") (collectively, "Defendants"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the Bureau's allegations as discussed herein regarding the Defendants' purported violations of Title 38.2 of the Code, and following the Defendants' agreement to the entry of this Consent Order, the Commission enters this Consent Order permanently revoking the Defendants' insurance licenses and permanently enjoining them from participating in the business of insurance.

Miller-Johnson is a resident of Richmond, Virginia, who has held an insurance license in the Commonwealth of Virginia ("Commonwealth") since 1996. She is the owner and operator of the Agency, which is a Virginia corporation that operates as an insurance agency in the Commonwealth. The Agency has held an agency license since 2004.

Based on its investigation of the Defendants to date, the Bureau alleges that:

(a) The Defendants have made false statements on insurance documents in violation of: (1) § 38.2-1813 of the Code by mishandling \$1.5 million in premiums; (2) § 38.2-518 F of the Code by preparing and issuing at least 15 certificates of insurance ("COIs") that contain false information; and (3) § 38.2-1831 (1) of the Code by providing untrue information in bank records filed with the Bureau.

(b) In 2014, following a consumer complaint that alleged the Defendants had accepted premiums for a workers' compensation insurance policy that was not in force, the Bureau began an investigation of the Defendants' insurance business pursuant to § 38.2-1809 of the Code. In January 2015, as part of its investigation, the Bureau examined the bank statements for the Agency's premium and operating accounts from January 2012 to April 2014.

(c) The Bureau's review of the Agency's bank records revealed them to be incomplete and out of order. Therefore, to ensure a complete accounting, the Bureau obtained certified copies of the Agency's bank records directly from the Agency's bank. When comparing the two sets of bank records, the Bureau discovered that the Agency records had been digitally altered to conceal the diversion of approximately \$1.5 million in premium funds deposited into the Agency's premium and operating accounts between January 2012 and April 2014.

(d) The Bureau also reviewed a sampling of the Agency's files. This review uncovered that in 2014, Miller-Johnson provided COIs to at least 15 consumers to show proof of insurance coverage when in fact the consumers did not have insurance. It appears that these consumers provided Miller-Johnson with at least \$12,500 in premium payments, but she never obtained the requested insurance for them. Instead, she diverted the funds for her own personal use.

(e) The Bureau met with Miller-Johnson on February 13, 2015, to discuss the 15 falsified COIs as well as the discrepancies between the Agency's bank records and the actual bank records. During that meeting, Miller-Johnson admitted that she had altered approximately 1,000 lines of bank records on more than 170 pages of bank documents to conceal the fact that she had diverted approximately \$1.5 million in premium funds that were deposited into the Agency's accounts. She also admitted to falsifying the COIs to conceal the fact that she never obtained insurance for at least 15 consumers.

(f) Based on Miller-Johnson's extensive efforts to conceal her diversion of at least \$1.5 million in premium funds through the Agency's bank accounts by falsifying bank records and COIs, the Bureau is concerned that there may be additional consumers who may be without insurance despite having remitted premiums to the Agency. In addition, Miller-Johnson has failed to supply the Bureau with a complete list of insureds who have given her premiums for coverage that was not in force. No adequate remedy at law exists to prevent the Defendants from continuing to divert premiums to the potential detriment of consumers and the public.

On April 20, 2015, the Bureau met with counsel for the Defendants to discuss this matter and to request that the Defendants agree to the revocation of their insurance licenses with the understanding that the Bureau may initiate a subsequent proceeding to obtain additional relief—including but not limited to restitution or monetary penalties based, in part, on the conduct alleged herein. Without admitting violations and without waiver of defenses to the Bureau's allegations, the Defendants have agreed to the entry of an order permanently revoking their insurance licenses and enjoining them from engaging in the business of insurance.

Sections 12.1-13 and 38.2-1831 of the Code authorize the Commission to revoke any person's insurance license. In addition, § 38.2-220 authorizes the Commission to enter permanent injunctions.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendants, is of the opinion and finds that the Defendants' insurance licenses should be revoked and the Defendants should be enjoined from participating in the business of insurance.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 12.1-13 and 38.2-1831 of the Code, Miller-Johnson's insurance licenses are hereby revoked with the understanding that the Bureau may initiate a subsequent action against her before the Commission to obtain additional relief—including but not limited to the assessment of monetary penalties and/or restitution.

(2) Pursuant to §§ 12.1-13 and 38.2-1831 of the Code, the Agency's insurance licenses shall be permanently revoked 30 days following the date of the entry of this Consent Order.

(3) Pursuant to § 38.2-220, the Defendants are enjoined from engaging in the business of insurance in the Commonwealth.

(4) This matter is continued generally.

**CASE NO. INS-2014-00198
MARCH 25, 2015**

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

v.

GARY CLARK
GARY CLARK, INC., and
THE GRIDIRON LEGACY,
Defendants

SETTLEMENT ORDER

The Bureau of Insurance ("Bureau") of the State Corporation Commission ("Commission") conducted an investigation of Gary Clark, Gary Clark, Inc., and The Gridiron Legacy (collectively, "Defendants"). Based on its investigation, the Bureau alleges that the Defendants violated § 38.2-1812 B of the Code of Virginia ("Code") by accepting insurance commissions or other valuable consideration from licensed Virginia title insurance agencies without holding a valid insurance agent or agency license.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-220 of the Code to impose certain monetary penalties, issue cease and desist orders, and issue temporary and permanent injunctions upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

Without admitting to any violation of Virginia law, the Defendants admit to the Commission's jurisdiction and authority to enter into this Settlement Order ("Order"). Having been advised of their right to a hearing in this matter, the Defendants have made an offer of settlement to the Commission wherein the Defendants have agreed to tender to the Treasurer of the Commonwealth of Virginia ("Commonwealth") a penalty in the amount of Twenty Thousand Dollars (\$20,000); have waived their right to a hearing; and have agreed to be permanently enjoined from any further violations of § 38.2-1812 B of the Code. The Defendants will pay the penalty in four (4) equal installments of Five Thousand Dollars (\$5,000) as follows: the first installment shall be paid on or before December 15, 2014; the second installment shall be paid on or before March 16, 2015; the third installment shall be paid on or before June 15, 2015; and the final installment shall be paid on or before September 15, 2015.

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 fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Defendants are hereby permanently enjoined from violating § 38.2-1812 B of the Code.
- (4) The Defendants shall pay to the Commonwealth the total sum of Twenty Thousand Dollars (\$20,000), payable in four (4) equal installments of Five Thousand Dollars (\$5,000) on or before the following dates: December 15, 2014, March 16, 2015, June 15, 2015, and September 15, 2015.
- (5) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. INS-2014-00216
JULY 13, 2015**

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

v.
JOHN L. HOOK
and
COMMONWEALTH TITLE & ABSTRACT CORPORATION,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John L. Hook and Commonwealth Title & Abstract Corporation ("Commonwealth Title") (collectively, "Defendants"), who are both duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth")¹ violated: (i) § 55-525.11 of the Code of Virginia ("Code") by failing to cause recordation of the deed, the deed of trust, or mortgage, or other documents required to be recorded and failing to cause disbursement of settlement proceeds within two business days of settlement; (ii) § 55-525.20 A of the Code for failing to exercise reasonable care and comply with all applicable requirements of Chapter 27.3 of Title 55 of the Code; (iii) § 55-525.24 A of the Code for failing to handle all funds deposited in connection with an escrow, settlement, or closing in a fiduciary capacity; (iv) § 55-525.24 B of the Code for failing to disburse funds held in an escrow account pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed; (v) § 55-525.25 of the Code for making a materially false or misleading statement or entry on a settlement statement; (vi) § 55-525.27 of the Code for failing to maintain sufficient records; and (vii) § 38.2-1813 A of the Code for failing to hold funds in a fiduciary capacity and account for funds received.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-220, 38.2-1831 and 55-525.31 of the Code to impose certain monetary penalties, issue cease and desist orders, issue temporary and permanent injunctions, and suspend or revoke a 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: (i) waived their right to a hearing; (ii) agreed to pay a \$5,000 penalty; (iii) agreed to voluntarily surrender all license authority in the Commonwealth by May 30, 2015; and (iv) agreed to complete a close-out audit of Commonwealth Title and disburse all escrowed funds within 180 days of the date of this 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 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.

¹ Commonwealth Title also is a registered settlement agent.

**CASE NO. INS-2014-00220
JANUARY 27, 2015**

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

v.

CIGNA HEALTH AND LIFE INSURANCE COMPANY
and
CONNECTICUT GENERAL LIFE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cigna Health and Life Insurance Company and Connecticut General Life Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in certain instances violated §§ 38.2-3559 A, 38.2-3559 B, 38.2-3559 C, and 38.2-3559 D of the Code of Virginia ("Code") by failing to comply with notice requirements for external review; violated § 38.2-5804 A of the Code by failing to comply with procedures to establish and maintain a complaint system for each of its Managed Care Health Insurance Plans; and violated 14 VAC 5-216-30 A, 14 VAC 5-216-30 B, 14 VAC 5-216-70 A, and 14 VAC 5-216-130 of the Commission's Rules Governing Internal Appeal and External Review, 14 VAC 5-216-10 *et seq.* ("Rules"), 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 Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of Twenty-six Thousand Dollars (\$26,000), waived their 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 Bureau's letter dated October 3, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants shall cease and desist from any future violations of §§ 38.2-3559 A, 38.2-3559 B, 38.2-3559 C, 38.2-3559 D, or 38.2-5804 A of the Code, or Rules 14 VAC 5-216-30 A, 14 VAC 5-216-30 B, 14 VAC 5-216-70 A, or 14 VAC 5-216-130.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00233
MARCH 13, 2015**

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

v.

BENCHMARK COMMERCIAL TITLE AGENCY, LLC
and
ANN HALL BRANSCOME KENDALL,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Benchmark Commercial Title Agency, LLC and Ann Hall Branscome Kendall ("Kendall") (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as insurance agents in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1801, 38.2-1812 F, and 38.2-1822 of the Code of Virginia ("Code") by claiming to be an authorized representative of an insurer when appointments had been terminated by law, by sharing commissions with an unlicensed individual, by acting as an agent without being properly licensed, and by permitting a person to act as an agent of an insurer without being licensed.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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: (i) the Defendants have tendered to the Commonwealth, contemporaneously with the entry of this Settlement Order ("Order"), the sum of Five Thousand Dollars (\$5,000); (ii) the Defendants have agreed to pay the sum of Three Thousand Dollars (\$3,000) within ninety (90) days of the date of entry of this Order; (iii) Kendall has agreed to complete six (6) hours of ethics courses within two (2) years of becoming licensed by the Commission and will provide proof thereof; (iv) the Defendants have agreed to waive their right to a hearing; and (v) Kendall has agreed to be placed on probation for a period of two (2) years from the date of becoming licensed by the Commission. As a condition of probation, Kendall has agreed to comply with all provisions of Title 38.2 of the Code. If, during the period of probation the Bureau has good cause to believe that Kendall has violated the terms and conditions of the probation, the Bureau will initiate action to permanently revoke Kendall's insurance agent license.

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 will pay the remainder of the settlement balance, Three Thousand Dollars (\$3,000), within ninety (90) days of the date of entry of this Order.
- (3) Kendall will complete six (6) hours of ethics courses within two (2) years of becoming licensed by the Commission and shall provide proof thereof.
- (4) Kendall will be placed on probation for a period of two (2) years from the date of becoming licensed by the Commission.
- (5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00238
SEPTEMBER 28, 2015**

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

v.

UNITEDHEALTHCARE OF THE MID-ATLANTIC, INC.,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that UnitedHealthcare of the Mid-Atlantic, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") violated §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), and 38.2-3407.15 B (7) of the Code of Virginia ("Code") by failing to comply with ethics and fairness requirements for business practices.

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 Three Thousand Five Hundred Dollars (\$3,500), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in the Bureau's letter dated March 13, 2015, and attached herein as Attachment A.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00250
JANUARY 5, 2015**

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

v.

LANCER INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Lancer Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-305 B and 38.2-2223 of the Code of Virginia ("Code"), as well as 14 VAC 5-390-40 D of the Commission's Rules Governing Insurance Premium Finance Companies, 14 VAC 5-390-10 *et seq.*, by failing to provide the information required by the statute in the insurance policies, by failing to file broadenings of the standard forms prior to use, and by failing to properly terminate contracts of insurance.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Twenty-one Thousand Three Hundred Dollars (\$21,300), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letters to the Bureau dated September 18, 2014, and November 13, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00253
AUGUST 3, 2015**

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

v.

LISA BANDY,
Defendant

JUDGMENT ORDER

On December 23, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule")¹ against Lisa Bandy ("Defendant") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Service of process was unable to be obtained, and on April 8, 2015, the Commission issued an Amended Rule to Show Cause ("Amended Rule")² against the Defendant that ordered service upon the Secretary of the Commonwealth as well as upon the Defendant.

The Amended Rule alleged that the Defendant, after surrendering her insurance license in 2011, continued to act as an insurance agent by selling and negotiating two contracts of insurance to a Virginia consumer and making false statements in violation of §§ 38.2-1822 and 38.2-512 A of the Code. The Amended Rule, among other things, set a hearing date of June 17, 2015, appointed a Hearing Examiner to conduct all further proceedings in this case and to file a final report, and ordered the Defendant to file a responsive pleading on or before May 5, 2015.

On June 17, 2015, the hearing was convened as scheduled. The Defendant did not appear. William Stanton, Esquire, appeared as counsel for the Bureau of Insurance ("Bureau"). He advised that after failing to file a responsive pleading, the Defendant contacted him on June 16, 2015, to negotiate a settlement to this matter. After discussing the matter, the Defendant offered the following settlement terms. The Defendant admitted to the allegations as alleged in the Amended Rule. In addition, the Defendant agreed to the entry of a permanent injunction enjoining her from engaging in the business of insurance. The Defendant also agreed to the entry of a judgment against her in the amount of Fifteen Thousand Dollars (\$15,000). Counsel for the Bureau

¹ Doc. Con. Cen. No. 141230053.

² Doc. Con. Cen. No. 150410164.

also advised that the Defendant had signed a settlement document outlining these terms and that the Bureau recommended that the Hearing Examiner recommend that the Commission accept the Defendant's offer of settlement.³

On July 8, 2015, the Hearing Examiner issued his report, wherein he found that the settlement agreed upon by the Defendant and the Bureau was a fair and acceptable resolution to the matter and should be adopted. He recommended that the Commission enter an order accepting the settlement terms and closing the case.

NOW THE COMMISSION, upon consideration of this matter and the Defendant's admission and consent to the entry of this Judgment Order, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable and should be adopted. Accordingly, the Commission finds that the Defendant committed two violations of § 38.2-1822 of the Code and four violations of § 38.2-512 of the Code. The Commission also finds that the Defendant should be permanently enjoined from engaging in the business of insurance and that a judgment should be entered against her in the amount of Fifteen Thousand Dollars (\$15,000).

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-220 of the Code, the Defendant is permanently enjoined from engaging in the business of insurance in Virginia.
- (2) Pursuant to § 38.2-218 of the Code, the Defendant is assessed a monetary penalty of Fifteen Thousand Dollars (\$15,000).
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

³ Tr. 4-5; Exh. 1.

**CASE NO. INS-2014-00260
JANUARY 9, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MITSUI SUMITOMO INSURANCE COMPANY OF AMERICA
and
MITSUI SUMITOMO INSURANCE USA INC.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mitsui Sumitomo Insurance Company of America and Mitsui Sumitomo Insurance USA Inc. (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission, and by making or issuing contracts or policies not in accordance with the supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of Two Thousand Dollars (\$2,000), waived their right to a hearing, and complied with the corrective action plan set forth in their letter to the Bureau dated December 5, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00265
JANUARY 9, 2015**

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

v.

GEICO ADVANTAGE INSURANCE COMPANY,
GEICO CHOICE INSURANCE COMPANY,
and
GEICO SECURE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that GEICO Advantage Insurance Company, GEICO Choice Insurance Company, and GEICO Secure Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) per company for an amount totaling Three Thousand Dollars (\$3,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated December 5, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00266
JANUARY 9, 2015**

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

v.

GEICO INDEMNITY COMPANY
and
GEICO CASUALTY COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that GEICO Indemnity Company and GEICO Casualty Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) per company for an amount totaling Two Thousand Dollars (\$2,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated December 5, 2014, and confirmed that restitution was made to 11,066 consumers in the amount of \$65,968.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00267
JANUARY 6, 2015**

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

v.
ERIE INSURANCE EXCHANGE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Erie Insurance Exchange ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 9, 2014, and confirmed that restitution was made to one consumer in the amount of Twenty-four Dollars (\$24).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00268
JANUARY 9, 2015**

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

v.
REGENT INSURANCE COMPANY
and
GENERAL CASUALTY COMPANY OF WISCONSIN,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Regent Insurance Company and General Casualty Company of Wisconsin (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-317 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) per company for an amount totaling Two Thousand Dollars (\$2,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated December 4, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00269
JANUARY 9, 2015**

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

v.

FLORISTS' MUTUAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Florists' Mutual Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 4, 2014, and confirmed that restitution was made to one consumer in the amount of Two Hundred Ninety-four Dollars (\$294).

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 the settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00270
JANUARY 9, 2015**

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

v.

STATE NATIONAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that State National Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 4, 2014, and confirmed that restitution was made to one consumer in the amount of Two Dollars (\$2).

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 the settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00271
JANUARY 9, 2015**

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

v.

FIREMEN'S INSURANCE COMPANY OF WASHINGTON, D.C.,
UNION INSURANCE COMPANY,

and

CONTINENTAL WESTERN INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Firemen's Insurance Company of Washington, D.C., Union Insurance Company, and Continental Western Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) per company for an amount totaling Three Thousand Dollars (\$3,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated December 8, 2014, and confirmed that restitution was made to seven consumers in the amount of Eight Hundred Ninety Dollars (\$890).

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2014-00274
JANUARY 13, 2015**

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

v.

BARRY MARK DODSON,
SPECIALTY INSURANCE AGENCY, LLC,
and

COLUMBIA UNDERWRITING AGENCY LLC,
Defendants

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") is conducting an investigation of Barry Mark Dodson ("Dodson"), Specialty Insurance Agency, LLC ("Specialty"), and Columbia Underwriting Agency LLC ("Columbia") (collectively, "Defendants"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based upon the Bureau's allegations as discussed herein regarding the Defendants' purported violations of Title 38.2 of the Code, and following the Defendants' agreement to entry of preliminary relief, the Commission enters a temporary injunction against the Defendants' ongoing insurance activities for 120 days following the entry of this Consent Order.

Dodson is a resident of Richmond, Virginia, who has held an insurance license in Virginia since 1989. Dodson is the owner and operator of Specialty and Columbia, both of which are Virginia limited liability companies that operate as insurance agencies in Richmond, Virginia. Specialty has held an agency license in Virginia since 2002, while Columbia has held an agency license in Virginia since 2011.

Based upon its investigation of the Defendants to date, the Bureau alleges that the Defendants have received, withheld and/or diverted more than \$1.5 million in insurance premiums received from consumers. In June 2012, the Bureau received a complaint that Specialty, through Dodson, had failed to remit to an insurer approximately \$600,000 in premiums collected. During the course of the investigation, the Bureau alleges that it learned that Dodson and Specialty had collected millions of dollars in premiums since 2009 and, for at least a portion of these amounts, that they either did not remit the premiums until months after premium payments were due or they never remitted the premium payments at all. The Bureau further alleges that Dodson and Specialty diverted premiums for their own purposes.

During the investigation, at least two insurers pursued legal action against the Defendants for return of premium amounts owed. One of these actions ended with an arbitration award (entered in February 2013 and subsequently confirmed) against Specialty in the amount of \$391,941 for outstanding premiums owed.¹ Additionally, on June 13, 2013, the District Court for Tarrant County, Texas, entered a default judgment against the Defendants in the amount of \$1,116,566 for outstanding amounts owed.² In addition to lawsuits brought by these insurers, the Bureau alleges that Specialty and Dodson settled claims with other insurers regarding unremitted premiums.

During the course of its investigation, the Bureau has met with Dodson to discuss the allegations and purported violations of §§ 38.2-1813 and 38.2-1831 of the Code. Through discussions, the Bureau learned that Dodson intended to sell Specialty and that the agency was likely insolvent. The Bureau further learned that Dodson was continuing to conduct his insurance business through Columbia, which did not appear at the time to have significant, alleged premium problems similar to those involving Specialty.

While finalizing its investigation for a proceeding against Dodson and Specialty, the Bureau received three independent complaints against Dodson and Columbia during the first two weeks of December 2014. The complaints assert that Dodson and Columbia in recent months have failed to remit premiums totaling at least \$100,000 to insurers and including at least two commercial automobile policies covering taxi service businesses in Virginia. The Bureau is concerned that Columbia, through Dodson, has begun to divert substantial premiums in a manner similar to Specialty, and is concerned about the impact of such diversions – including lack or lapse of coverage for insureds (which include common carriers providing services to the public). The Bureau also is concerned that Dodson neither has sold Specialty nor closed it but continues to conduct insurance business through that agency.

It appears from information available to the Bureau that the Defendants continue to withhold and/or divert significant amounts of premiums in violation of §§ 38.2-1813 and 38.2-1831 of the Code. No adequate remedy at law exists to prevent the Defendants from continuing to withhold and/or divert these premiums to the potential detriment of consumers and the public. Additionally, in view of ongoing and substantial premium issues over an extended period of time, it appears that the Defendants will continue to violate the Code.

On December 16, 2014, the Bureau met with the Defendants, who were represented by counsel, to discuss this matter and request that the Defendants agree to a temporary injunction barring them from transacting the business of insurance while the Bureau completes its investigation and attempts to resolve this matter with them. Without admitting violations and without waiver of defenses to the Bureau's allegations, the Defendants agreed to entry of a temporary injunction enjoining them from transacting the business of insurance for 120 days from the date of entry of such order. While the injunction remains in effect, the Defendants have agreed not to offer or sell insurance products, service existing policies (including renewals), accept, collect or handle premiums, or otherwise engage in the business of insurance.

The Commission is authorized, pursuant to §§ 12.1-13 and 38.2-220 of the Code, to issue temporary and permanent injunctions against violations or attempted violations of laws and regulations subject to the Commission's authority, including, but not limited to, Title 38.2 of the Code.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendants, is of the opinion and finds that a temporary injunction should be issued against the Defendants for a period of 120 days.

¹ *In the Matter of the Arbitration between West Va. Nat'l Auto Ins. Co. v. Specialty Ins., LLC*, Case No. 16-195-Y-000418-12 (Amer. Arb. Ass'n). Specialty has operated under several DBAs, including "Specialty Insurance, LLC".

² *NGM Ins. Co. v. Specialty Ins. Agency, LLC*, Case No. 348-264468-13 (Tex. Dist. Ct., Tarrant County).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 12.1-13 and 38.2-220 of the Code, the Defendants are enjoined for a period of 120 days from the date of this Consent Order from transacting the business of insurance, including the offer and sale of insurance as well as the acceptance or collection of premiums, or otherwise mishandling, withholding or misappropriating premiums in violation of § 38.2-1813 of the Code.

(2) This matter is continued generally.

**CASE NO. INS-2014-00274
MAY 13, 2015**

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

v.

BARRY MARK DODSON,
SPECIALTY INSURANCE AGENCY, LLC,
and
COLUMBIA UNDERWRITING AGENCY LLC,
Defendants

CONSENT ORDER

On January 13, 2015, the State Corporation Commission ("Commission") entered a Consent Order ("January Consent Order") that temporarily enjoined Barry Mark Dodson ("Dodson"), Specialty Insurance Agency, LLC, and Columbia Underwriting Agency LLC (collectively, "Defendants") from conducting ongoing insurance activities for 120 days.¹ The January Consent Order followed the Bureau of Insurance's ("Bureau") investigation of the Defendants pursuant to § 38.2-1809 of the Code of Virginia ("Code") and the Defendants' agreement to the temporary injunction in view of the Bureau's allegations of purported violations of Title 38.2 of the Code.

Following entry of the January Consent Order, the Bureau has continued to discuss the investigation and related allegations with the Defendants and their counsel. Additionally, Dodson personally filed for Chapter 7 bankruptcy protection on March 10, 2015. To facilitate further discussion, including potential resolution of this matter, as well as to address issues raised by Dodson's bankruptcy proceeding, the Bureau requests and the Defendants agree (without admitting violations and without waiver of defenses) to a 60-day extension of the temporary injunction imposed by the January Consent Order.

The Commission is authorized, pursuant to §§ 12.1-13 and 38.2-220 of the Code, to issue temporary and permanent injunctions against violations or attempted violations of laws and regulations subject to the Commission's authority including, but not limited to, Title 38.2 of the Code.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendants, is of the opinion and finds that the temporary injunction should be extended against the Defendants for a period of 60 days from May 13, 2015.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 12.1-13 and 38.2-220 of the Code, the Defendants are enjoined for a period of 60 days from May 13, 2015, from transacting the business of insurance, including the offer and sale of insurance as well as the acceptance or collection of premiums, or otherwise mishandling, withholding or misappropriating premiums in violation of § 38.2-1813 of the Code.

(2) This matter is continued generally.

¹ Doc. Con. Cen. No. 150110283.

**CASE NO. INS-2014-00274
AUGUST 3, 2015**

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

v.

BARRY MARK DODSON,
SPECIALTY INSURANCE AGENCY, LLC,
and
COLUMBIA UNDERWRITING AGENCY LLC,
Defendants

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of Barry Mark Dodson ("Dodson"), Specialty Insurance Agency, LLC ("Specialty") and Columbia Underwriting Agency LLC ("Columbia") (collectively, "Defendants"), pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the investigation, the Bureau alleges the following:

Dodson is a resident of Richmond, Virginia, who has held an insurance license in Virginia since 1989. Dodson is the former owner and operator of Specialty and Columbia, both of which are Virginia limited liability companies that operated as insurance agencies in Richmond, Virginia.¹ Specialty has held an agency license in Virginia since 2002, while Columbia has held an agency license in Virginia since 2011.

In June 2012, the Bureau received a complaint that Specialty, through Dodson, had failed to remit to an insurer, West Virginia National Auto Insurance Company ("West Virginia National"), approximately \$600,000 in premiums collected. During the course of the investigation, the Bureau alleges that it learned that Dodson and Specialty had collected millions of dollars since 2010 (which included significant amounts of premiums) and, for at least a portion of these amounts, that they failed to remit funds to insurers as required.

The Bureau alleges that Dodson – through Specialty and Columbia – served as an intermediary between insurers and retail insurance agents who sold insurance policies to consumers. In this role, the Bureau alleges that the Defendants received payments (which included premiums) that they were required to maintain as fiduciaries and timely remit to the insurers. Although the Defendants maintained trust accounts, the Bureau alleges that the Defendants – through Dodson – failed to maintain funds in these accounts in a fiduciary capacity as well as failed to timely remit payments to insurers. For example, the Bureau alleges that after placing premiums in a trust account for one insurer pursuant to the agreement between Specialty and the insurer, the Defendants on numerous occasions transferred such funds to non-trust accounts for the Defendants' use or to other trust accounts for different insurers. In the latter instance, the Bureau alleges that the Defendants used funds received on behalf of one insurer to pay premiums on policies issued by other insurers. The Bureau also alleges that the Defendants failed to remit premiums in a timely manner; for instance, failing to remit premiums due on policies within the time required by the contracts with the insurers.

Based on its investigation, the Bureau alleges that Dodson or Specialty had remittance issues (including remittance of premiums) with at least two insurers between 2010 and 2012. During this time period, the Bureau alleges that in each instance the insurers had complaints about Specialty or Dodson's handling and payment of remittances (including premiums). The Bureau further alleges that these complaints generally led to disputes that ended the business relationship between the insurer and Specialty as well as allegations that Specialty owed outstanding remittances to the insurer under the parties' contractual agreement.

These disputes led to lawsuits against Specialty filed by the two insurers. During the Bureau's investigation, West Virginia National pursued legal action against Specialty, and another insurer – NGM Insurance Company ("NGM") – pursued legal action against Specialty and Dodson for return of monies (including a significant amount of premiums) allegedly owed. Both insurers obtained judgments ("Outstanding Judgments"). The action pursued by West Virginia National ended with an arbitration award entered in February 2013 against Specialty in the amount of \$391,941 for outstanding remittances owed.² Additionally, on June 13, 2013, the District Court for Tarrant County, Texas, entered a default judgment in favor of NGM against Specialty and Dodson in the amount of \$1,116,566 for outstanding amounts owed.³

In December 2014 the Bureau received three independent complaints against Dodson and another one of his insurance companies, Columbia. The complaints asserted that Dodson and Columbia failed to remit funds (including premiums) totaling at least \$100,000 to insurers and included at least two commercial automobile policies covering taxi service businesses in Virginia. Similar to Specialty, the Bureau alleges that Columbia – through Dodson – received funds in a fiduciary capacity that they then either failed to remit to insurers in a timely manner or failed to remit at all.

As a result of its investigation, the Bureau alleges that Specialty or Columbia, through Dodson, have received and/or withheld more than \$1.6 million in insurance funds (which include premiums) received from consumers, in violation of §§ 38.2-1813 and 38.2-1831 of the Code. The Bureau further alleges that the Defendants diverted funds (including premium) for their own purposes.

On March 10, 2015, Dodson voluntarily filed a Chapter 7 bankruptcy petition.⁴ According to the petition, Dodson asserts that he has liabilities, either direct or contingent, in excess of \$1,000,000 and he has scheduled creditor claims by West Virginia National and NGM. Both of the insurers, as well as other creditors, have an opportunity to pursue any claims that they may have as part of the bankruptcy proceeding.

On March 31, 2015, Columbia's corporate existence as a Virginia limited liability company was automatically canceled after failing to pay its annual fees. Although Specialty remains in good standing as an active Virginia limited liability company, Dodson has informed the Bureau that Specialty does not continue to conduct the business of insurance.

On January 13, 2015, the Commission entered a Consent Order imposing a temporary injunction barring the Defendants from transacting the business of insurance for 120 days while the Bureau completed its investigation.⁵ A second Consent Order was entered on May 13, 2015, extending the temporary injunction for 60 days.⁶

¹ Columbia's existence as a Virginia limited liability company was automatically canceled on March 31, 2015, for failure to pay annual fees related to its corporate existence.

² *In the Matter of the Arbitration between West Va. Nat'l Auto Ins. Co. v. Specialty Ins., LLC*, Case No. 16-195-Y-000418-12 (Amer. Arb. Ass'n). Specialty has operated under several DBAs, including "Specialty Insurance, LLC". The arbitration award subsequently was confirmed in a Judgment Order entered by the Circuit Court of the City of Richmond. *West Va. Nat'l Auto Ins. Co. v. Specialty Ins. Agency, LLC*, Case No. CL13001185-00 (Apr. 24, 2013).

³ *NGM Ins. Co. v. Specialty Ins. Agency, LLC*, Case No. 348-264468-13 (Tex. Dist. Ct., Tarrant County).

⁴ *In re Dodson*, Case No. 15-31217-KLP (Bankr. E.D. Va.).

⁵ Doc. Con. Cen. No. 150110283.

⁶ Doc. Con. Cen. No. 150520258.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 of the Code to require restitution and to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

As a proposal to settle all matters arising from these allegations and admitting only the Commission's jurisdiction and authority to enter this Consent Order ("Order") without admitting or denying any other allegations, the Defendants have made an offer of settlement to the Commission wherein they will abide by and comply with the following terms and undertakings:

(1) Unless otherwise ordered by the Commission: (a) the insurance licenses of Specialty and Columbia are revoked pursuant to § 38.2-1832; and (b) Dodson's insurance licenses are revoked for a period of five (5) years, and he further agrees not to make an application for an insurance agent's license during the revocation period in accordance with § 38.2-1832.

(2) The Defendants shall not own and operate, control, or be employed in any manner by an insurance agent or agency so long as the Defendants are unlicensed unless otherwise authorized by the Commission.

(3) The Commission makes no determination regarding amounts that must be paid to West Virginia National or NGM by any of the Defendants based on the insurers' judgment orders. Instead, any issues regarding payments to West Virginia National or NGM are to be litigated by the individual insurers in Dodson's bankruptcy case currently pending in the U.S. Bankruptcy Court for the Eastern District of Virginia, Richmond Division ("Bankruptcy Court"), identified as Bankruptcy Case No. 15-31217-KLP. The Bankruptcy Court will conclusively determine the extent of Dodson's responsibility, if any, for payments to these insurers. To the extent that the Bankruptcy Court orders payment to either or both of these insurers, the failure to make such payments in accordance with the requirements of the Bankruptcy Court shall constitute a violation of this Order. However, an order by the Bankruptcy Court that the debts, if any, owed by Dodson to either or both of these insurers are nondischargeable shall not constitute an order directing payment to either or both of these insurers.

The Bureau has recommended that the Commission accept the Defendants' offer of settlement.

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 Defendants' offer 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. INS-2015-00002
JANUARY 27, 2015**

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

v.
RICHARD JOSEPH EICHHORN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Joseph Eichhorn ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of New York.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated December 4, 2014, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of New York.

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 the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00004
JANUARY 21, 2015**

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

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 A (9) of the Code of Virginia the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the company has had all its risks reinsured in their entirety in another insurer.

Madison Insurance Company, a foreign corporation domiciled in the state of South Carolina ("Defendant"), was initially licensed by the Commission to transact the business of insurance in the Commonwealth on April 28, 1999.

Effective September 30, 2014, the Defendant entered into a reinsurance agreement whereby all assets and liabilities were assumed by Accident Insurance Company, Inc. ("Accident Insurance"), a South Carolina domiciled insurer that is not licensed to transact the business of insurance in the Commonwealth. The Defendant intended to merge into Accident Insurance on December 31, 2014, but the transaction was not approved by the South Carolina Department of Insurance.

Accordingly, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to February 6, 2015, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before February 6, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

**CASE NO. INS-2015-00004
FEBRUARY 13, 2015**

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

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein January 21, 2015,¹ Madison Insurance Company, a South Carolina corporation ("Defendant") licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to February 6, 2015, suspending the license of the Defendant unless on or before February 6, 2015, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

The Order was entered due to the fact that the Defendant had entered into a reinsurance agreement whereby all assets and liabilities were assumed by Accident Insurance Company, Inc. ("Accident Insurance").² The Defendant intended to merge into Accident Insurance on December 31, 2014, but the transaction was not approved by the South Carolina Department of Insurance.

¹ Doc. Con. Cen. No. 150120043.

² Accident Insurance is a South Carolina domiciled insurer that is not licensed to transact the business of insurance in the Commonwealth.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As of the date of this Order, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of its license.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the license of the Defendant to transact the business of insurance in the Commonwealth is hereby SUSPENDED.
- (2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth until further order of the Commission.
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in the Commonwealth are hereby SUSPENDED.
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in the Commonwealth until further order of the Commission.
- (5) The Bureau of Insurance ("Bureau") shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in the Commonwealth as notice of the suspension of such agent's appointment.
- (6) The Bureau shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code.

**CASE NO. INS-2015-00004
OCTOBER 28, 2015**

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

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Virginia") if the company has had its corporate existence dissolved or its certificate of authority revoked in the state in which it was organized or in Virginia.

Madison Insurance Company, a South Carolina corporation ("Defendant"), is licensed by the Commission to transact the business of insurance in Virginia. However, the Commission entered an Order Suspending License ("Order")¹ against the Defendant on February 13, 2015. The Order was entered due to the fact that the Defendant had entered into a reinsurance agreement whereby all assets and liabilities were assumed by Accident Insurance Company, Inc. ("Accident Insurance").² Additionally, on September 4, 2015, the Defendant's certificate of authority to transact business in Virginia was withdrawn due to its merger into Accident Insurance.

The Bureau of Insurance has recommended that, based on the foregoing, the license of the Defendant to transact the business of insurance in Virginia be revoked.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to November 9, 2015, revoking the license of the Defendant to transact the business of insurance in Virginia unless on or before November 9, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of the Defendant's license.

¹ Doc. Con. Cen. No. 150210283.

² Accident Insurance is a South Carolina domiciled insurer that is not licensed to transact the business of insurance in Virginia.

**CASE NO. INS-2015-00004
NOVEMBER 20, 2015**

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

v.

MADISON INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

In an Order to Take Notice entered October 28, 2015,¹ Madison Insurance Company, a South Carolina-domiciled insurer ("Defendant") licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), was ordered to take notice that the Commission would enter an order subsequent to November 9, 2015, revoking the license of the Defendant unless on or before November 9, 2015, the Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation.

On February 13, 2015, the Commission entered an Order Suspending License ("February 13 Order") against the Defendant.² The February 13 Order was entered due to the fact that the Defendant had entered into a reinsurance agreement whereby all assets and liabilities were assumed by Accident Insurance Company, Inc. ("Accident Insurance").³ Additionally, on September 4, 2015, the Defendant's certificate of authority to transact business in Virginia was withdrawn due to its merger into Accident Insurance.

As of the date of this Order, the Defendant has not requested a hearing regarding the proposed revocation of its license. The Bureau has recommended that the Defendant's license to transact the business of insurance in Virginia be revoked.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license to transact the business of insurance in Virginia should be revoked.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance in Virginia is hereby REVOKED.
- (2) The Defendant shall transact no further business in Virginia.
- (3) The Bureau shall cause notice of the revocation of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code of Virginia.
- (4) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Doc. Con. Cen. No. 151040057.

² Doc. Con. Cen. No. 150210283.

³ Accident Insurance is a South Carolina-domiciled insurer that is not licensed to transact the business of insurance in Virginia.

**CASE NO. INS-2015-00005
AUGUST 11, 2015**

PETITION OF
XYLEM, INC.

For review of a decision by the National Council on Compensation Insurance pursuant to §§ 38.2-1923 and 38.2-2018 of the Code of Virginia

FINAL ORDER

On January 14, 2015, Xylem, Inc. ("Petitioner"), filed with the State Corporation Commission ("Commission") a Notice of Appeal ("Petition")¹ for a review of a decision by the National Council on Compensation Insurance, Inc. ("NCCI"), pursuant to §§ 38.2-1923 and 38.2-2018 of the Code of Virginia. In its Petition, the Petitioner appeals NCCI's decision to re-classify its employees for purposes of workers' compensation insurance from Class Code 6217 (Clearing of Right-of-Way-Electric, Power, Telephone, Burglar, or Fire Alarm Lines: Brush Clearing or Removal – New or Existing Right-of-Way & Drivers) to Class Code 0106 (Clearing of Right-of-Way – Electric, Power, Telephone, Burglar, or Fire Alarm Lines: Tree Pruning, Trimming, or Spraying – Existing Right-of-Way – All Operations & Drivers). This change in classification affects the cost of the Petitioner's workers' compensation insurance.

On January 30, 2015, the Commission entered an Order Scheduling Hearing² in which it, among other things, docketed the Petition; established a procedural schedule; directed the Petitioner to supplement its Petition and specify the issues in this case and the relief requested; directed NCCI to file an

¹ Doc. Con. Cen. No. 150110370. The Commission treated the Notice of Appeal as a Petition pursuant to 5 VAC 5-20-100 B of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

² Doc. Con. Cen. No. 150130081.

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answer or other responsive pleading to the Petition; scheduled an evidentiary hearing; 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.

On February 20, 2015, the Petitioner supplemented its Petition.³ The Petitioner seeks Commission reversal of NCCI's decision to re-classify its employees from Class Code 6217 to Class Code 0106 based on an inspection report prepared on behalf of NCCI.

On March 13, 2015, NCCI filed its Answer.⁴ In its Answer, NCCI stated that its interest in this case is in maintaining the integrity of the workers' compensation statistical and rating system as a whole. NCCI stated that its Internal Review Panel considered the information in the classification inspection report and the information supplied by the Petitioner and determined that the Petitioner's operations are better described by Class Code 0106 than by Class Code 6217. NCCI stated that taken as a whole, the Petitioner's business fits clearly into Class Code 0106.

On March 27, 2015, NCCI filed a Motion for Continuance.⁵ In its Motion for Continuance, NCCI stated that it had a scheduling conflict with the scheduled hearing date and requested that the hearing be rescheduled to a date after May 15, 2015. The Petitioner supported the requested continuance.

By Hearing Examiner's Ruling entered on March 31, 2015, the evidentiary hearing was rescheduled for June 5, 2015.⁶

On May 20, 2015, the Petitioner filed a Motion for Continuance,⁷ in which it stated that it needed additional time to complete discovery on NCCI and Sparta Insurance Company. The Petitioner requested that the hearing be rescheduled to a date after August 1, 2015. NCCI opposed the Petitioner's request for an extension of time.⁸

By Hearing Examiner's Ruling entered on May 26, 2015, the evidentiary hearing was rescheduled for August 5, 2015.⁹

On August 4, 2015, the Petitioner filed a Motion for Postponement ("Motion"), in which the Petitioner requested a postponement of the hearing or, in the alternative, to withdraw its appeal without prejudice.¹⁰ NCCI opposed the Petitioner's request for postponement but took no position on the Petitioner's request to withdraw its Petition.

Also on August 4, 2015, the Hearing Examiner issued his report.¹¹ In his report the Hearing Examiner found and recommended that the Commission enter an order that grants the Petitioner's Motion in part, grants the alternative request to withdraw the Petition without prejudice, dismisses the Petition without prejudice, and removes this matter from the Commission's docket of active cases.

NOW THE COMMISSION, having considered the record and the findings and recommendations of the Hearing Examiner, is of the opinion that the recommendations of the Hearing Examiner should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Petitioner's Motion hereby is GRANTED IN PART.
- (2) The Petitioner's alternative request to withdraw the Petition hereby is GRANTED.
- (3) The Petition is DISMISSED without prejudice.
- (4) This matter shall be placed in the Commission's file for ended causes.

³ Doc. Con. Cen. No. 150220164.

⁴ Doc. Con. Cen. No. 150310286.

⁵ Doc. Con. Cen. No. 150330004.

⁶ Doc. Con. Cen. No. 150330076.

⁷ Doc. Con. Cen. No. 150530150.

⁸ Doc. Con. Cen. No. 150540056.

⁹ Doc. Con. Cen. No. 150540123.

¹⁰ Doc. Con. Cen. No. 150810158.

¹¹ Doc. Con. Cen. No. 150810167.

**CASE NO. INS-2015-00006
JANUARY 29, 2015**

IN THE MATTER OF
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Allianz Life Insurance Company of North America and the Florida Office of Insurance Regulation, the California Department of Insurance, the Illinois Department of Insurance, the New Hampshire Department of Insurance, the North Dakota Insurance Department, and the Pennsylvania Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the States of Florida, California, Illinois, New Hampshire, North Dakota, and Pennsylvania and Allianz Life Insurance Company of North America,¹ a Minnesota company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"); and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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

¹ The Agreement also includes Allianz Life Insurance Company of New York. Allianz Life Insurance Company of New York is not licensed to transact the business of insurance in the Commonwealth; therefore, this Order does not include this company.

**CASE NO. INS-2015-00009
MARCH 20, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RICHARD ANTHONY LONG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Anthony Long ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of South 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 his right to a hearing before the Commission in this matter by certified letters dated December 8, 2014, and January 30, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of South Dakota.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.

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

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

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

**CASE NO. INS-2015-00010
APRIL 23, 2015**

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

v.
SANDRA FOWLER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sandra Fowler ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing 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 her right to a hearing before the Commission in this matter by certified letter dated February 24, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION, upon consideration of this matter, 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.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00016
FEBRUARY 6, 2015**

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

v.

GENERAL CASUALTY COMPANY OF WISCONSIN,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that General Casualty Company of Wisconsin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use an insurance policy or endorsement as of the effective date that such policy or endorsement was filed with the Commission, and by making or issuing an insurance contract or policy not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 17, 2014.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00017
FEBRUARY 6, 2015**

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

v.

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Travelers Casualty and Surety Company of America ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 22, 2014, and confirmed that restitution was made to two consumers in the amount of One Thousand Five Hundred Nine Dollars and Forty-four Cents (\$1,509.44).

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-2015-00018
FEBRUARY 6, 2015**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Church Mutual Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated December 5, 2014, and confirmed that restitution was made to 1,339 consumers in the amount of \$39,581.46.

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-2015-00019
MARCH 16, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NATIONWIDE MUTUAL INSURANCE COMPANY,
HARLEYSVILLE INSURANCE COMPANY,
HARLEYSVILLE PREFERRED INSURANCE COMPANY,
and
HARLEYSVILLE WORCESTER INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nationwide Mutual Insurance Company, Harleysville Insurance Company, Harleysville Preferred Insurance Company, and Harleysville Worcester Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) for an amount totaling Four Thousand Dollars (\$4,000), agreed to comply with the corrective action plan set forth in their letter to the Bureau dated January 29, 2015, confirmed that restitution was made to 86 consumers in the amount of \$106,701.80, and waived their right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00020
AUGUST 28, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION,
Applicant
v.
RECIPROCAL OF AMERICA
and
THE RECIPROCAL GROUP,
Respondents

FINAL ORDER

On February 12, 2015, Jacqueline K. Cunningham, Commissioner for the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau"), in her capacity as Deputy Receiver of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, "Companies"), in receivership for liquidation, filed a Motion for Scheduling Order and for Final Order Designating Claims Liquidation Date ("Motion") and for an order approving notice procedures, establishing a response date, and setting a contingent hearing ("Contingent Hearing") on the Motion to be held only in the event that written objections to the Motion were timely filed.

In support of her Motion the Deputy Receiver stated that on January 29, 2003, the Circuit Court of the City of Richmond entered its Final Order Appointing Receiver for Rehabilitation or Liquidation in Cause No. CH03000135-00¹ that appointed the Commission as Receiver and Alfred W. Gross as Deputy Receiver ("Deputy Receiver") of the Companies.² On June 20, 2003, in Case No. INS-2003-00024, the Commission entered its Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies which, *inter alia*, declared the Companies to be insolvent and directed the Deputy Receiver to proceed with the liquidation of the Companies.³ On October 28, 2003, in Case No. INS-2003-00024, the Commission entered its Order Setting Final Bar Date and Granting Deputy Receiver Continuing Authority to Liquidate Companies, setting September 30, 2004, as the Final Bar Date.⁴ The Companies have been in receivership for twelve years, and the Final Bar Date for claims expired over ten years ago (except with respect to 145 persons with known claims, as to whom the Additional Claims Period expired in late 2011).⁵

In her Motion, the Deputy Receiver requested that the Commission designate a Claims Liquidation Date of September 1, 2015, and provide that any and all claims against ROA and TRG (including any and all claims of creditors of the Reciprocal Insurance Agency, Ltd., The Premium Company of

¹ This and other documents related to the Companies' receivership may be found at: <http://www.reciprocalgroup.com/documents.htm>.

² The Commission subsequently entered an Order appointing Jacqueline K. Cunningham as Deputy Receiver of the Reciprocal Companies. *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group*, Case No. INS-2003-00024, 2011 S.C.C. Ann. Rept. 71, Order Appointing Jacqueline K. Cunningham as Deputy Receiver for Rehabilitation or Liquidation (Jan. 10, 2011).

³ *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group*, Case No. INS-2003-00024, 2003 S.C.C. Ann. Rept. 116, Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies (June 20, 2003).

⁴ *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group*, Case No. INS-2003-00024, 2003 S.C.C. Ann. Rept. 117, Order Setting Final Bar Date and Granting Deputy Receiver Continuing Authority to Liquidate Companies (Oct. 28, 2003) (hereinafter, "Order Setting Final Bar Date"). The Commission's Order provided that: "[c]laims subject to, and not received by, the Deputy Receiver on or before the Final Bar Date shall not be paid until all approved timely filed claims and all approved late claims of a higher priority are paid in full. Claims must be received at [ROA's Proof of Claim Department] on or before the Final Bar Date."

⁵ Order Setting Final Bar Date at ¶ 3. The Commission's Order provides that: "[t]he Commission will set a Claims Liquidation Date upon motion of the Deputy Receiver a reasonable time prior to the closure of the receivership. Notice of such motion shall be provided to all parties of record and all interested parties and a hearing thereon will be set by the Commission if so requested. Any and all claims shall have been submitted properly and rendered non-contingent and liquidated by the Claims Liquidation Date, or the claims will be permanently barred from sharing in the assets of the estate."

America, and Coastal Associates, Inc., of which TRG is the sole shareholder, asserted against TRG under any theory after the dissolution of those wholly owned subsidiaries of TRG), shall have been submitted properly and rendered non-contingent and liquidated (by final judgment or settlement) on or before the Claims Liquidation Date, or the claims will be permanently barred from sharing in the assets of ROA's or TRG's estate, except that the following three categories of claims would not be subject to the Claims Liquidation Date: (i) proper administrative expense claims against TRG or ROA; (ii) claims of the United States; and (iii) claims as to which an appeal is pending before the Commission or the Supreme Court of Virginia as of the Claims Liquidation Date.

On March 5, 2015, the Commission entered a Scheduling Order⁶ in which, among other things, it scheduled a Contingent Hearing for May 6, 2015, to consider a Claims Liquidation Date; appointed a Hearing Examiner to conduct any Contingent Hearing that may be held in this case; directed the Deputy Receiver to provide notice⁷ of its Motion and the Contingent Hearing to all persons interested in pending claims against the Companies that have not yet been rendered non-contingent and liquidated; and established a procedural schedule for interested persons to participate in this case.

On April 6, 2015, the Kentucky Hospitals filed a notice in which they stated they had no objection to the Deputy Receiver's proposed Claims Liquidation Date.⁸

Also on April 6, 2015, Lloyd Michael Noland, R.N. ("Noland"), by counsel, filed an Objection to Motion for Final Order Designating Claims Liquidation Date. Noland stated that the proposed Claims Liquidation Date would unduly prejudice him. Noland had litigation pending against ROA in the Circuit Court of Raleigh County, West Virginia ("Circuit Court"), Case No. 01-C-609-B along with a pending motion to recover attorney fees. Noland requested an extension of the Claims Liquidation Date to allow his claim to be paid from the assets of the ROA estate.

The Mississippi Insurance Guaranty Association ("MIGA") also filed a Notice of Objection to the Deputy Receiver of ROA and TRG's Motion for Scheduling Order and for Final Order Designating Claims Liquidation Date ("Objection"). MIGA stated that it was still handling policyholder-level liability insurance direct claims on policies of insurance issued by ROA. MIGA requested that: (i) it be exempted from the Claims Liquidation Date, and (ii) reserves, in an amount equal to MIGA's estimate of the value of the MIGA Claims, be created and that such reserves shall not be distributed without MIGA's consent. In the alternative, MIGA requested that its claims specifically be determined to be non-contingent and liquidated in an agreed amount.⁹

The Contingent Hearing was convened as scheduled on May 6, 2015. Patrick H. Cantilo, Esquire, appeared on behalf of the Deputy Receiver. Donald C. Beatty, Esquire, appeared on behalf of the Bureau. Cullen D. Seltzer, Esquire, and Eric C. Howlett, Esquire, appeared on behalf of MIGA. Marshall F. Berman, Esquire, Perry W. Oxley, Esquire, and J. Jarrod Jordan, Esquire, appeared on behalf of Noland.

The Deputy Receiver presented the testimony of two witnesses: Michael R. Parker ("Parker"), Special Deputy Receiver for the Companies; and Mark J. Hyland ("Hyland"), Vice President of TRG.¹⁰

Parker explained that as Special Deputy Receiver, he is responsible for the day-to-day operations of the Companies. Parker explained that all claims had to be received by the Final Bar Date, September 30, 2004. If a claim was not timely filed, it would not be paid until all other timely filed claims were paid.¹¹

Parker opined that the Deputy Receiver's Motion was filed a reasonable time in advance of the proposed Claims Liquidation Date and the closure of the receivership estate. He explained that the vast majority of claims have been liquidated, or will be liquidated before September 1, 2015, including timely filed claims, claims filed after the Final Bar Date, and all workers' compensation claims. He identified and described the 15 non-workers' compensation claims that were still pending.¹²

Parker also described the efforts undertaken by the Deputy Receiver to resolve the 13 outstanding non-workers' compensation claims administered by guaranty associations. Parker believed all the guaranty association claims could be resolved by the Claims Liquidation Date.¹³

At the hearing, Parker updated the status of the unliquidated non-workers' compensation claims, noting that there were nine MIGA claims outstanding, as well as Noland's claim.¹⁴ Parker also explained why the Deputy Receiver selected September 1, 2015, as the Claims Liquidation Date, noting that the receivership staff believed that the few remaining claims, some of which have been pending for ten years, could be resolved by that time so

⁶ Doc. Con. Cen. No. 150310106.

⁷ Proof of notice was filed March 16, 2015. See Ex. 1.

⁸ Although not listed in this pleading, the "Kentucky Hospitals" have at various times included: Appalachian Regional Healthcare; Baptist Health Madisonville f/k/a/ Regional Medical Center/Trover Clinic Foundation; Baptist Health Richmond f/k/a Pattie A. Clay Regional Medical Center; Caverna Memorial Hospital; Clinton County Hospital; Crittenden Health Systems; Cumberland County Hospital; Hardin Memorial Hospital; Highlands Regional Medical Center; Jane Todd Crawford Memorial Hospital; Livingston Hospital & Healthcare Service; Marcum & Wallace Hospital; Marshall County Hospital; Monroe County Medical Center; Murray-Calloway County Hospital; Ohio County Hospital; Owensboro Mercy Health System; Pineville Community Hospital; Rockcastle County Hospital and Respiratory Care Center; St. Claire Regional Medical Center; St. Joseph Mt. Sterling f/k/a Gateway Regional Medical Center; T.J. Samson Community Hospital; Twin Lakes Regional Medical Center; and Westlake Regional Hospital.

⁹ On April 15, 2015, Pineville Community Hospital filed a Joinder to the MIGA and Noland Notices of Objection but withdrew this filing on April 23, 2015.

¹⁰ The pre-filed testimonies of Parker and Hyland are Exhibits 2 and 3, respectively.

¹¹ Ex. 2 at 1-3.

¹² *Id.* at 3-4.

¹³ *Id.* at 4-6.

¹⁴ Tr. at 18-21.

that the payments to the hundreds or thousands of general creditors could commence and, if any monies remain, distributions could be made to ROA's equity subscribers. Once the policyholder-level claims have been resolved, the receivership staff can commence the final wind down of the receivership, including releasing ROA's remaining employees and closing its offices. The longer ROA's offices remain open, the less money there will be available for distribution to lower priority creditors and equity subscribers.¹⁵

Parker believed that, as long as reserves are outstanding for payment of claims, the receivership cannot be wound down, ROA's claims department and offices would need to remain open, and a closing agreement could not be obtained from the Internal Revenue Service.¹⁶

Hyland testified that he is responsible for the review, payment, and notice of determination of claims filed with the Companies. He confirmed that the proposed Claims Liquidation Date will have no effect on ROA's workers' compensation claims, which were transferred to Providence Washington Insurance Company, with the exception of the "Excluded Losses."¹⁷ Hyland testified that ROA continues to process and issue Notices of Claim Determination ("NCDs") on the Excluded Losses, with an expected completion date of June 30, 2015.¹⁸

MIGA presented the testimony of Arthur Russell ("Russell"), its executive director. Russell testified that MIGA had nine unliquidated ROA claims, that one of those claims was awaiting a final dismissal order, and that MIGA and the Deputy Receiver were working to resolve all of the remaining unliquidated claims.¹⁹

Noland's attorney, Mr. Oxley ("Oxley"), testified on Noland's behalf concerning Noland's fee petition in his civil matter pending in the Circuit Court in West Virginia. Oxley confirmed that Noland's case has been in the court system for many years and that Noland submitted his original attorney fee petition in November 2013. As of the date of the hearing, the Circuit Court had not decided the case.²⁰

At the conclusion of the hearing, the Hearing Examiner directed the parties to file post-hearing briefs.

On June 16, 2015, MIGA filed a Notice of Withdrawal of Objection to Deputy Receiver's Motion.²¹ MIGA stated that the matters in controversy raised in its Objection had been resolved and withdrew its Objection with prejudice.

On June 17, 2015, the Deputy Receiver filed her Post-Hearing Brief in Support of Motion for Final Order Designating Claims Liquidation Date.²² In her Post-Hearing Brief the Deputy Receiver argued that setting a claims liquidation date is within the Commission's discretion and consistent with the Order Setting Final Bar Date.

On June 17, 2015, Noland filed his Closing Argument in Support of Objection to Motion for Final Order Designating Claims Liquidation Date.²³ Noland urged the Commission to deny the proposed Claims Liquidation Date of September 1, 2015, or establish a claims liquidation date sufficiently into the future so that his claim could be resolved, such as December 31, 2016.

On June 17, 2015, Regional Medical Center/Trover Clinic Foundation ("Trover") filed a Notice of Joinder²⁴ and a Post-Hearing Brief.²⁵ As an insured of the Companies, Trover argued that it must be provided continuing coverage through its professional liability policies, or provided sufficient reserves to pay a claim in the event a claim is made prior to the expiration of the applicable statute of limitations.²⁶ Trover sought to join in the arguments made by MIGA and Noland on May 6, 2015, in opposition to the Claims Liquidation Date.

On June 22, 2015, the Deputy Receiver filed a Motion to Strike Trover's Joinder to the MIGA and Noland Notices of Objection and Post-Hearing Brief ("Motion to Strike").²⁷

¹⁵ *Id.* at 22-25.

¹⁶ *Id.* at 26-29.

¹⁷ *Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group, in Receivership*, Case No. INS-2013-00190, 2014 S.C.C. Ann. Rept. 61, Final Order (June 16, 2014). "Excluded losses" are referred to in the Final Order and are defined in Exhibit B to the Deputy Receiver's August 2, 2013 Application filed in Case No. INS-2013-00190.

¹⁸ Ex. 3 at 2.

¹⁹ Tr. at 54-56.

²⁰ *Id.* at 79-92.

²¹ Doc. Con. Cen. No. 150620229.

²² Doc. Con. Cen. No. 150620275.

²³ Doc. Con. Cen. No. 150620244.

²⁴ Doc. Con. Cen. No. 150620272. Regional Medical Center/Trover Clinic Foundation is one of the "Kentucky Hospitals." Until it filed its Notice of Joinder and Post-Hearing Brief, Trover had not otherwise participated in this case as a party.

²⁵ Doc. Con. Cen. No. 150620273.

²⁶ Trover identified 10 Proofs of Claim filed in September 2004 relating to potentially compensable events occurring between 1996 and 2002 in which the potential claimant is a minor child or infant. Trover asserted that the statute of limitations had not yet expired on these claims and that they remain non-contingent and unliquidated.

²⁷ Doc. Con. Cen. No. 150630025.

Among other things, the Deputy Receiver argued: (i) the issues raised by the Trover Joinder and Post-Hearing Brief were decided in the Other Matters Hearing in Case No. INS-2003-00024²⁸ and are no longer appealable; (ii) Trover waived its right to object to the Motion and its right to file a post-hearing brief; (iii) Trover offered no explanation for failing to comply with the Commission's Scheduling Order; (iv) Trover had not demonstrated that others would not be prejudiced by its joinder and the requested relief; (v) Trover could not join in MIGA's Objection given that MIGA had already withdrawn it with prejudice; and (vi) Trover had not shown that the proposed Claims Liquidation Date would violate § 38.2-1509 of the Code, or that it would violate Trover's right to due process. The Deputy Receiver requested that the Commission strike Trover's Notice of Joinder and Post-Hearing Brief. Trover responded on July 17, 2015.²⁹

On July 21, 2015, the Hearing Examiner filed his Report.³⁰ In his Report he found that:

- (1) Trover failed to comply with the procedural requirements in the Commission's Scheduling Order to participate as a party in this proceeding;
- (2) The Deputy Receiver's Motion to Strike Trover's Notice of Joinder and Post-Hearing Brief should be granted;
- (3) The Deputy Receiver's proposed Claims Liquidation Date is reasonable; and
- (4) The Deputy Receiver's Motion for Final Order Designating Claims Liquidation Date should be granted.

The Hearing Examiner recommended that the Commission enter an order adopting his findings, granting the Motion to Strike, granting the Motion for Final Order Designating Claims Liquidation Date, approving the proposed Claims Liquidation Date, and closing the case.

On August 11, 2015, Noland filed his Notice of Withdrawing Objection to Motion for Final Order Designating Claims Liquidation Date with Prejudice, in which he notified the Commission that his claim against the Companies had been resolved by way of settlement.³¹

No comments to the Report were timely filed.

NOW THE COMMISSION, upon consideration of the record, the Hearing Examiner's Report, and the applicable statutes, is of the opinion that the Hearing Examiner's findings and recommendations are reasonable and should be adopted with one modification. The Hearing Examiner recommended that we approve the proposed Claims Liquidation Date of September 1, 2015. To permit sufficient time for the Deputy Receiver to prepare and provide notice of the Claims Liquidation Date, we will modify this recommendation by setting October 15, 2015, as the Claims Liquidation Date.

Finally, we note that, since MIGA and Noland have withdrawn their Objections with prejudice, the only remaining Objection is that filed by Trover. With regard to that Objection, we agree with the Hearing Examiner that Trover failed to comply with the procedural requirements in our Scheduling Order and that the Deputy Receiver's Motion to Strike should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations contained in the Hearing Examiner's Report are hereby ADOPTED with the modification described herein.
- (2) The Deputy Receiver's Motion to Strike is hereby GRANTED.
- (3) The Deputy Receiver's Motion for Final Order Designating Claims Liquidation Date is hereby GRANTED, provided however, that October 15, 2015, hereby is designated as the Claims Liquidation Date.
- (4) The Deputy Receiver shall post a copy of this Final Order on the Companies' web site at <http://www.reciprocalgroup.com/documents.htm>. The Deputy Receiver shall provide notice of this Final Order and the Claims Liquidation Date in the manner proposed in paragraph 17 of the Deputy Receiver's Motion for Final Order Designating Claims Liquidation Date, including instructions on how to view the Final Order on the Companies' web site and how to obtain a copy of the Final Order by other means. Notice in that manner shall satisfy the requirement to provide notice of this Final Order and of the Claims Liquidation Date.
- (5) This case is dismissed, and the papers filed herein shall be passed to the file for ended causes.

Commissioner Jagdmann did not participate in this matter.

²⁸ The Other Matters Hearing was held on September 17, 2003, and issues raised therein were addressed as part of the Order Setting Final Bar Date.

²⁹ Doc. Con. Cen. No. 150730171.

³⁰ Doc. Con. Cen. No. 150710033.

³¹ Doc. Con. Cen. No. 150820068.

**CASE NO. INS-2015-00022
AUGUST 7, 2015**

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

Ex Parte: In the matter of adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to §§ 38.2-3725, 38.2-3726, 38.2-3727 and 38.2-3730 of the Code of Virginia

**ORDER ADOPTING ADJUSTED PRIMA FACIE RATES
FOR THE TRIENNIUM COMMENCING JANUARY 1, 2016**

Pursuant to § 38.2-3730 B of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to conduct a hearing for the purpose of determining the actual loss ratio for credit life and credit accident and sickness insurance and to adjust the prima facie rates, as provided in §§ 38.2-3726 and 38.2-3727 of the Code, by applying the ratio of the actual loss ratio to the loss ratio standard set forth in § 38.2-3725 of the Code to the prima facie rates. These rates are to be effective for the triennium commencing January 1, 2016.

The adjusted prima facie rates were calculated and proposed on behalf of and by the Commission's Bureau of Insurance ("Bureau"). By Order Scheduling Hearing entered June 3, 2015,¹ the Commission provided notice of the proposed rates and an opportunity for interested persons to file comments on or participate in this case. The Commission also appointed a Hearing Examiner to conduct further proceedings in this case and to file a final report.

On July 14, 2015, a public hearing was held before Alexander F. Skirpan, Senior Hearing Examiner. Tanvi L. Parmar, Esquire, appeared on behalf of the Bureau. No notices of participation were filed, no written comments were received, and no public witnesses appeared at the hearing.

On August 4, 2015, the Senior Hearing Examiner issued his final report, wherein he found that the Bureau's proposed prima facie rates for credit life and credit accident and sickness insurance were calculated in accordance with Chapter 37.1² of Title 38.2 of the Code and provide adequate availability of such insurance in Virginia. The Senior Hearing Examiner recommended that the Commission approve the proposed prima facie rates for credit life and credit accident and sickness insurance.

NOW THE COMMISSION, having considered the record, the recommendation of the Bureau, the Senior Hearing Examiner's report, and the law applicable to these issues, is of the opinion and finds and ORDERS THAT:

(1) The adjusted prima facie rates for credit life insurance and credit accident and sickness insurance, as proposed by the Bureau, which are attached hereto and made a part hereof, are hereby ADOPTED pursuant to the provisions of Chapter 37.1 of Title 38.2 of the Code and shall be effective for the triennium commencing January 1, 2016.

(2) In accordance with § 38.2-3725 of the Code, an attested copy hereof, together with attachments, shall forthwith be sent by the Bureau to every insurance company licensed by the Bureau to transact the business of credit life and credit accident and sickness insurance in the Commonwealth of Virginia, and the Bureau shall file in the record of this proceeding an affidavit evidencing compliance with this Order.

(3) The Commission's Division of Information Resources shall make available this Order and attached adjusted rates on the Commission's website: <http://www.sec.virginia.gov/caseinfo.htm>.

(4) This case is dismissed, and the papers filed herein shall be passed to 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.

¹ Doc. Con. Cen. No. 150610170.

² Va. Code § 38.2-3717 *et seq.*

**CASE NO. INS-2015-00026
MARCH 24, 2015**

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

v.
LUMBERMEN'S UNDERWRITING ALLIANCE,
Defendant

IMPAIRMENT ORDER

Lumbermen's Underwriting Alliance, a Missouri domiciled insurer ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a reciprocal insurer in the Commonwealth of Virginia ("Commonwealth"), is required by § 38.2-1206 of the Code of Virginia ("Code") to maintain minimum surplus of \$1.6 million.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Section 38.2-1036 of the Code provides that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth while the impairment of the insurer's surplus exists.

The Annual Statement of the Defendant, dated December 31, 2014, and filed with the Commission's Bureau of Insurance, indicates surplus of negative \$22,502,751, an impairment of surplus of negative \$24,102,751.

Accordingly, IT IS ORDERED THAT:

(1) Within ninety (90) days of the date of entry of this Order, the Defendant shall eliminate the impairment in its surplus, restore the same to at least \$1.6 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth while the impairment of the Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2015-00026
JUNE 24, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LUMBERMEN'S UNDERWRITING ALLIANCE,
Defendant

ORDER TO TAKE NOTICE

Pursuant to § 38.2-1040 of the Code of Virginia, the State Corporation Commission ("Commission") may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth") whenever the Commission finds that the company is insolvent or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and the public in this Commonwealth.

Lumbermen's Underwriting Alliance, a foreign corporation domiciled in the state of Missouri ("Defendant"), is licensed by the Commission to transact the business of insurance in the Commonwealth.

By Impairment Order ("Impairment") entered herein March 24, 2015,¹ the Defendant was ordered to eliminate the impairment in its surplus, restore the same to at least \$1.6 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer within 90 days of the date of entry of the Impairment.

As of the date of this Order, the Defendant has failed to eliminate the impairment in its surplus.

Accordingly, IT IS ORDERED THAT the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to July 6, 2015, suspending the license of the Defendant to transact new insurance business in the Commonwealth unless on or before July 6, 2015, the Defendant files with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of the Defendant's license.

¹ Doc. Con. Cen. No. 150320189.

**CASE NO. INS-2015-00026
SEPTEMBER 15, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LUMBERMEN'S UNDERWRITING ALLIANCE,
Defendant

ORDER SUSPENDING LICENSE

In an Order to Take Notice ("Order") entered herein June 24, 2015,¹ Lumbermen's Underwriting Alliance, a Missouri corporation ("Defendant") licensed to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), was ordered to take notice that the State Corporation Commission ("Commission") would enter an order subsequent to July 6, 2015, suspending the license of the Defendant unless on or before July 6, 2015, the Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension.

¹ Doc. Con. Cen. No. 150630101.

The Order was entered due to the Defendant's failure to eliminate the impairment in its surplus and restore the same to at least \$1.6 million and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer on or before June 23, 2015.²

As of the date of this Order Suspending License, the Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of its license.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia ("Code"), the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED.

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.

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

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

² The Commission entered an Impairment Order against the Defendant on March 24, 2015. (Doc. Con. Cen. No. 150320189).

**CASE NO. INS-2015-00027
MARCH 20, 2015**

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

v.

CASSANDRA L. OTT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cassandra L. Ott ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1826 C of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Kentucky and the State of North Dakota.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated February 5, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 C of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Kentucky and the State of North Dakota.

Accordingly, IT IS ORDERED THAT:

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

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

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

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

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

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

**CASE NO. INS-2015-00028
MARCH 12, 2015**

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

v.

ATX PREMIER INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

ATX Premier Insurance Company, a Texas domiciled insurer ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), is required by § 38.2-1028 of the Code of Virginia ("Code") to maintain minimum capital of \$1 million and minimum surplus of \$3 million.

Section 38.2-1036 of the Code provides that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth while the impairment of the insurer's surplus exists.

The Annual Statement of the Defendant, dated December 31, 2014, and filed with the Commission's Bureau of Insurance, indicates surplus of \$2,255,840, an impairment of surplus of \$744,160¹.

Accordingly, IT IS ORDERED THAT:

(1) Within ninety (90) days of the date of this Impairment Order, the Defendant shall eliminate the impairment in its surplus, restore the same to at least \$3 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.

(2) The Defendant shall issue no new contracts or policies of insurance in the Commonwealth while the impairment of the Defendant's surplus exists and until further order of the Commission.

¹ The Texas Department of Insurance requires \$2.5 million in capital and \$2.5 million surplus; therefore, the Defendant cannot reallocate capital to surplus to cure the impairment.

**CASE NO. INS-2015-00032
SEPTEMBER 11, 2015**

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

v.

JONI VELTEMA,
Defendant

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of Joni Veltema ("Veltema" or "Defendant") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the Bureau's allegations as discussed herein regarding the Defendant's purported violations of Title 38.2 of the Code, and following the Defendant's agreement to the entry of this Consent Order, the Commission enters this Consent Order permanently enjoining the Defendant from violating § 38.2-1822 (A) of the Code.

Veltema is a resident of Glen Allen, Virginia, who has never held an insurance license in the Commonwealth of Virginia.

Based on its investigation, the Bureau alleges that between March 2014 and August 2014, Veltema sold at least eight contracts of insurance while employed as a customer service representative at an insurance agency ("Agency") located in Ashland, Virginia. The Bureau alleges that Veltema quoted and bound coverage for these policies after using a licensed Agency employee's login information to access the Agency's computer system.

In August 2014, following discussions with the Bureau, the Defendant admitted to the Commission's jurisdiction over her and over this matter, and waived her right to a hearing. She also admitted to the violations of the Code as described above. In addition, she agreed, pursuant to § 38.2-220 of the Code, to the entry of a permanent injunction barring her from further violations of § 38.2-1822 (A) of the Code.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendant, is of the opinion and finds that the Defendant violated § 38.2-1822 (A) of the Code.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-220 of the Code, the Defendant is permanently enjoined from further violations of § 38.2-1822 (A) of the Code.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00033
AUGUST 7, 2015**

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

v.
TIMISHA WIGGINS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Timisha Wiggins ("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 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 her right to a hearing before the Commission in this matter by certified letter dated June 24, 2015, 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 and 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 materially incorrect 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-2015-00034
MARCH 20, 2015**

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

v.
CRYSTAL SETTLEMENT SERVICES, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Crystal Settlement Services, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 55-525.30 of the Code of Virginia ("Code"), as well as 14 VAC 5-395-30 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by performing settlements on properties in the Commonwealth without being registered with the Bureau as a Real Estate Settlement Agent.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, and 38.2-1831 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00035
JUNE 22, 2015**

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

v.
ESURANCE INSURANCE COMPANY
and
ESURANCE PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Esurance Insurance Company and Esurance Property and Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required in the statute; violated § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; violated §§ 38.2-610 A, 38.2-1905 A, 38.2-2210 A, 38.2-2230, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-1905 C of the Code by failing to properly assign points under safe driver insurance plans; violated § 38.2-1906 A and 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; violated §§ 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; violated § 38.2-2215 of the Code by failing to issue or to renew motor vehicle liability insurance on the basis of a motor vehicle's age; violated § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms filed and adopted by the Commission; and violated § 38.2-510 A (3) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-70 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 Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of Forty-one Thousand Eight Hundred Dollars (\$41,800), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated September 2, 2014, and confirmed that restitution was made to 59 consumers in the amount of Eight Thousand Seven Hundred Eight Dollars and Twenty cents (\$8,708.20).

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-2015-00036
MARCH 30, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LIBERTY INSURANCE CORPORATION
and
LIBERTY MUTUAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Liberty Insurance Corporation and Liberty Mutual Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 16, 2015, confirmed that restitution was made to 9,719 consumers in the amount of Thirty-two Thousand Six Hundred Seventy-five Dollars and Six Cents (\$32,675.06), and waived their right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00037
APRIL 22, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HARTFORD FIRE INSURANCE COMPANY
and
TWIN CITY FIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Hartford Fire 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, violated § 38.2-317 of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least 30 days prior to their effective date.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 3, 2015.

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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-2015-00038
APRIL 7, 2015**

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

v.

ACIG INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that ACIG Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000), waived its right to a hearing, and agreed to comply with the corrective action plan set forth in its letter to the Bureau dated February 16, 2015.

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-2015-00040
APRIL 14, 2015**

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

v.

AMERICAN MODERN HOME INSURANCE COMPANY,
AMERICAN FAMILY HOME INSURANCE COMPANY,
and
AMERICAN MODERN SELECT INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Modern Home Insurance Company, American Family Home Insurance Company, and American Modern Select Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-305 of the Code of Virginia ("Code") by failing to provide the information required by the statute in insurance policies.

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

The 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 the Commonwealth the sum of One Thousand Dollars (\$1,000) for an amount totaling Three Thousand Dollars (\$3,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 20, 2015.

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-2015-00042
APRIL 8, 2015**

IN THE MATTER OF
PACIFIC LIFE INSURANCE COMPANY,
and
PACIFIC LIFE AND ANNUITY COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Pacific Life Insurance Company and Pacific Life and Annuity Company and the Florida Office of Insurance Regulation, the California Department of Insurance, the Illinois Department of Insurance, the New Hampshire Insurance Department, the North Dakota Insurance Department, and the Pennsylvania Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, Illinois, New Hampshire, North Dakota, and Pennsylvania and Pacific Life Insurance Company, a Nebraska company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), and Pacific Life and Annuity Company, an Arizona company licensed to transact the business of insurance in the Commonwealth; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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

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

**CASE NO. INS-2015-00043
APRIL 8, 2014**

IN THE MATTER OF
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA,
THE GUARDIAN INSURANCE AND ANNUITY COMPANY, INC.,
BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA,
FAMILY SERVICE LIFE INSURANCE COMPANY,
and
PARK AVENUE LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between The Guardian Life Insurance Company of America, The Guardian Insurance and Annuity Company, Inc., Berkshire Life Insurance Company of America, Family Service Life Insurance Company, and Park Avenue Life Insurance Company; and the Florida Office of Insurance Regulation, the California Department of Insurance, the Illinois Department of Insurance, the Massachusetts Division of Insurance, the New Hampshire Insurance Department, the North Dakota Insurance Department, and the Pennsylvania Insurance Department, for and on behalf of the Virginia Bureau of Insurance and the Insurance Regulators of the remaining states, districts and territories of the United States

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) State Corporation Commission ("Commission") approval and acceptance of a multi-state Regulatory Settlement Agreement ("Agreement"), a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, California, Illinois, New Hampshire, North Dakota, and Pennsylvania and The Guardian Life Insurance Company of America,¹ a New York company licensed to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), The Guardian Insurance and Annuity Company, Inc., a Delaware company licensed to transact the business of insurance in the Commonwealth, Berkshire Life Insurance Company of America, a Massachusetts company licensed to transact the business of insurance in the Commonwealth, Family Service Life Insurance Company, a Texas company licensed to transact the business of insurance in the Commonwealth, and Park Avenue Life Insurance Company, a Delaware company licensed to transact the business of insurance in the Commonwealth; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

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

¹ The Agreement also includes Sentinel American Life Insurance Company. Sentinel American Life Insurance Company is not licensed to transact the business of insurance in Virginia; therefore, this order does not include this company.

**CASE NO. INS-2015-00045
JUNE 11, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION,
v.
SIGNATURE TITLE & ESCROW, LLC,
and
LAWRENCE ELIOT TUCKER
Defendants

SETTLEMENT ORDER

The Bureau of Insurance ("Bureau") of the Virginia State Corporation Commission ("Commission") conducted an investigation of Signature Title & Escrow, LLC ("Signature Title") and Lawrence Eliot Tucker ("Tucker") (collectively with Tucker, "Defendants"), pursuant to Title 55 and Title 38.2 of the Code of Virginia ("Code").

The investigation concerned the Defendants' real estate settlement and title insurance business and activities related to a 2007 real estate refinancing transaction ("2007 Property Refinance"). Signature Title is a Virginia limited liability company that initially obtained its Virginia title insurance license from the Bureau on October 15, 1999, and registered to conduct Virginia real estate settlements on July 1, 2000. Signature Title withdrew its title license and settlement registration with the Bureau in February 2009 and submitted its Articles of Cancellation of a Virginia Limited Liability Company to the Clerk of the Commission on June 9, 2015. Tucker was the registered agent for, and a managing member of, Signature Title at all relevant times. Tucker obtained his Virginia title insurance license from the Bureau on February 12, 2004.

Based on the Bureau's investigation and submissions, the Commission issued a Rule to Show Cause on April 24, 2015 ("Rule").¹ In the Rule, the Bureau alleges that, among other things, the Defendants received, yet failed to disburse, settlement funds in accordance with the written settlement instructions required by the 2007 Property Refinance.² Instead, the Bureau alleges the Defendants diverted and misappropriated at least \$860,000 of these

¹ Don. Con. Cen. No. 150420280.

² The entirety of the Bureau's allegations is contained in the Rule.

closing funds to their own or other unauthorized bank accounts and failed to maintain appropriate documentation of the 2007 Property Refinance transaction in violation of multiple Virginia laws governing real estate settlements and the title insurance business, as codified in Title 55, Chapters 27.2 and 27.3 of the Code and Title 38.2 of the Code and the accompanying regulations.

First, the Bureau alleges the Defendants violated the Real Estate Settlement Agents Act, Title 55, Chapter 27.3, § 55-525.16 *et seq.* of the Code ("RESA") at least four (4) times by: a) failing to manage settlement funds in a fiduciary capacity as required by § 55-525.24 A of the Code; b) failing to make disbursements as instructed by the written settlement instructions as required by § 55-525.24 B of the Code; c) failing to make the required disbursements within two business days as required by § 55-525.24 A of the Code; and d) falsifying the written settlement instructions as prohibited by § 55-525.25 of the Code.

Second, the Bureau alleges the Defendants violated RESA and its associated regulations at least two (2) times by: a) failing to maintain required transaction documentation as required by § 55-525.27 of the Code; and b) failing to produce records upon the request of the Bureau as required by Rule 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*

Third, the Bureau alleges that Tucker violated Title 38.2 of the Code at least three (3) times by: a) violating applicable insurance laws, including but not limited to § 38.2-1820 and 1831; b) improperly withholding, misappropriating or converting any moneys received in the course of doing insurance business; and c) using fraudulent, coercive or dishonest practices, demonstrating incompetence or untrustworthiness in the conduct of business.

The Commission is authorized by §§ 55-525.31, 38.2-218, 38.2-219, 38.2-220 and 38.2-1831 of the Code to impose certain monetary penalties, issue temporary and permanent injunctions, and revoke and terminate the Defendants' licenses and registrations upon a finding by the Commission, after notice an opportunity to be heard, that the Defendants have committed the aforesaid violations.

The Defendants have been advised of their right to a hearing in this matter. The Defendants have waived their right to a hearing, agreed to the revocation and termination of their title licenses and registrations, agreed to the payment of restitution and certain monetary penalties, and have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and conditions:

- (1) The Defendants have agreed to pay to the Commonwealth the sum of \$25,000 in monetary penalties.
- (2) The Defendants have demonstrated to the Bureau's satisfaction that they have either paid full restitution to or obtained releases of satisfaction from all lienholders, title insurers or others subject to liability due to the Defendants' non-payment of existing Deeds of Trust during the 2007 Property Refinance in the amount of \$1,530,200.
- (3) Any and all of the Defendants' Virginia title insurance licenses or real estate settlement registrations (if any), are revoked or terminated upon entry of this Order.
- (4) Signature Title & Escrow, LLC and Lawrence Eliot Tucker shall be permanently enjoined from directly or indirectly transacting the business of real estate settlements or any business related to real estate settlements or the real estate settlement industry in the Commonwealth, including but not limited to maintaining any position of employment, management, control or participation in any such business activities or entities, unless otherwise authorized by the Bureau.
- (5) Signature Title & Escrow, LLC and Lawrence Eliot Tucker shall be permanently enjoined from directly or indirectly transacting the business of insurance or any business related to insurance or the insurance industry in the Commonwealth, including but not limited to maintaining any position of employment, management, control or participation in any such business activities or entities, unless otherwise authorized by the Bureau.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission by § 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 Signature Title & Escrow, LLC and Lawrence Eliot Tucker in the settlement of the matter set forth herein is hereby accepted.
- (2) The Defendants are permanently enjoined from directly or indirectly transacting the business of real estate settlements, insurance, any business related to real estate settlements, insurance, or the real estate settlement or insurance industries in the Commonwealth, including but not limited to maintaining any position of employment, management, control or participation in any such business activities or entities, unless otherwise authorized by the Bureau.
- (3) This case is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00052
JUNE 2, 2015**

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

v.

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Old Republic National Title Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurer in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1812 and 38.2-1822 of the Code of Virginia ("Code") by paying commission to a person for services as an agent within this Commonwealth when the person was not a duly appointed agent of the insurer and at the time of the transaction failed to hold a valid license, and by knowingly permitting a person to act in this Commonwealth as an agent of an insurer licensed to transact the business of insurance in the Commonwealth when the person had not obtained a license in a manner and in a form prescribed by the Commission.

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

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

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00053
JUNE 2, 2015**

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

v.

AMERICAN FIRE AND CASUALTY COMPANY,
THE OHIO CASUALTY INSURANCE COMPANY,
OHIO SECURITY INSURANCE COMPANY,
and
WEST AMERICAN INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Fire and Casualty Company, The Ohio Casualty Insurance Company, Ohio Security 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 ("Commonwealth"), violated §§ 38.2-317 and 38.2-1906 D of the Code of Virginia ("Code") by failing to use insurance policies or endorsements as of the effective date that such policies or endorsements were filed with the Commission, and by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have each tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) for an amount totaling Four Thousand Dollars (\$4,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated March 19, 2015.

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-2015-00054
JUNE 1, 2015**

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

v.

CHARTER OAK FIRE INSURANCE COMPANY,
THE PHOENIX INSURANCE COMPANY,
THE TRAVELERS INDEMNITY COMPANY,
THE TRAVELERS INDEMNITY COMPANY OF AMERICA,
THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT,
and
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Charter Oak Fire Insurance Company, The Phoenix Insurance Company, The Travelers Indemnity Company, The Travelers Indemnity Company of America, The Travelers Indemnity Company of Connecticut, and Travelers Property Casualty Company of America (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement¹ to the Commission wherein the Defendants have each tendered to the Commonwealth the sum of One Thousand Dollars (\$1,000) for an amount totaling Six Thousand Dollars (\$6,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated April 30, 2015, and confirmed that restitution was made to 7 consumers in the amount of One Thousand Thirty Dollars (\$1,030).

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.

¹ The settlement was signed, in part, in the name of Travelers Property Casualty of America; however, the Commission's Clerk's Office reflects that the actual name of this company is Travelers Property Casualty Company of America.

**CASE NO. INS-2015-00056
JULY 2, 2015**

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

v.

AUTO-OWNERS INSURANCE COMPANY
and
OWNERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Auto-Owners Insurance Company and Owners Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated: §§ 38.2-231 A, 38.2-231 J, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2114 E, 38.2-2208 B, 38.2-2212 D, 38.2-2212 E, and 38.2-2212 F of the Code of Virginia ("Code") by failing to properly terminate insurance policies; § 38.2-305 A of the Code by failing to provide the information required by statute in the insurance policy; §§ 38.2-305 B, 38.2-604.1, 38.2-2118, 38.2-2120, 38.2-2126 A, 38.2-2210 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; § 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 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; §§ 38.2-510 A (1), 38.2-510 A (3), and 38.2-510 A (10) of the Code, as well as 14 VAC 5-400-30, 14 VAC 5-400-40 A, 14 VAC 5-400-50 C, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims with such frequency as to indicate a general business practice; § 38.2-511 of the Code by failing to maintain a complete complaint register; § 38.2-610 A of the Code by failing to provide adverse underwriting decision notices as required; § 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 not appointed by the Defendants; § 38.2-1822 of the Code by knowingly permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1905 C of the Code by assigning points under safe-driver insurance policies to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; §§ 38.2-1906 A and 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; § 38.2-2119 of the Code by failing to include the proper conditions for replacement cost in its forms; and § 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.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of Eighty-four Thousand Dollars (\$84,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their correspondence to the Bureau dated March 5, 2015, and March 16, 2015, and confirmed that restitution was made to 106 consumers in the amount of Thirty Thousand Two Hundred Seventeen Dollars and Seven Cents (\$30,217.07).

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-2015-00059
JUNE 9, 2015**

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

v.

WILLIAM SPENCER BYRN,
Defendant

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of William Spencer Byrn ("Byrn") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the investigation, the Bureau alleges the following:

- (a) Byrn is a resident of Virginia Beach, Virginia, who has been licensed to sell health insurance as well as life insurance and annuities in Virginia since 2009. Byrn also has been licensed to sell variable contracts in Virginia since 2011.
- (b) On March 19, 2014, the Bureau received a complaint from a consumer regarding Byrn. The consumer was an investment client of Byrn who held annuities with several different companies. The consumer alleged that in 2013, Byrn told him that he was required to take a withdrawal from his annuities due to his age. Relying on Byrn, the consumer alleged that he withdrew approximately \$19,050 in taxable funds from two annuities.
- (c) Shortly after receiving these funds, the consumer alleged that Byrn contacted him about investing \$15,000 of the money received from the withdrawal. Byrn told the consumer that he would invest the funds in annuities or other investments and make enough in one year to pay the taxes due as a result of the withdrawal from the annuities. The consumer agreed and, on May 29, 2013, gave Byrn a check for \$15,000 made payable to Byrn's company, Colonial Financial Corporation.
- (d) In March 2014, Byrn approached the consumer again to sign more papers. The consumer continued to trust Byrn and signed the papers. Approximately one week later, the consumer received a check from one of his annuity companies in the amount of \$17,172. The consumer initially thought that this check consisted of repayment for the \$15,000 provided to Byrn in 2013 along with interest to pay the taxes he owed from the earlier withdrawals. The consumer, however, began having doubts and contacted the annuity company. The annuity company informed him that no additional premiums had been received since 2011. The consumer then contacted his other annuity companies and found that they, too, had not received additional premiums in the past year.
- (e) The consumer became concerned that Byrn had not invested the \$15,000 in funds and possibly used the money for other purposes. At that time, the consumer contacted the Bureau with his complaint.

Following the complaint, the Bureau interviewed Byrn regarding the consumer's allegations. Byrn does not recall informing the consumer in 2013 that he was required to make withdrawals from his annuities. While agreeing that he accepted \$15,000 from the consumer, Byrn considered the money to be a loan that he would pay back and believed that the consumer was aware that he considered it a loan. Upon review of information provided to the Bureau, Byrn did not invest the \$15,000 in annuities or other investments for the consumer and instead used the money for other purposes, including personal expenses.

Aside from the allegations in the complaint, the Bureau has not identified other issues with Byrn's insurance business or annuities that he has written. Additionally, Byrn provided a promissory note to the consumer in or around May 2014 agreeing to repay the \$15,000 received from the consumer (plus interest) and has continued to make monthly payments on the note totaling approximately \$6,000 to date.

Based on its investigation, the Bureau alleges that Byrn accepted funds in the amount of \$15,000 from a consumer to invest in annuity products but failed to remit the funds to any company for an annuity or other investment. The Bureau further alleges that Byrn accepted the \$15,000 in funds and used them for his own purposes. The Bureau thus alleges that Byrn violated § 38.2-1813 A of the Code, which requires that all premiums, return premiums or other funds received in any manner by an agent shall be held in a fiduciary capacity and accounted for by the agent.

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, Byrn admits to the Commission's jurisdiction and authority to enter this Consent Order ("Order"), as well as admits that: (1) he accepted \$15,000 from his client; (2) he did not invest the \$15,000 in annuities or other investments for the consumer; (3) he used the \$15,000 from the client for other purposes, including personal expenses; and (4) he has agreed to repay \$15,000 to the client.

As a proposal to settle all matters arising from these allegations, Byrn has made an offer of settlement to the Commission wherein he will abide by and comply with the following terms and undertakings:

- (1) Byrn will make full restitution in the amount of \$15,000 (less any amounts already paid as of the date of entry of this Order) to the consumer no later than twelve months from the date of entry of this Order.
- (2) Byrn will pay \$5,000 to the Treasurer of the Commonwealth of Virginia within 30 days of the completion of his restitution payment(s) to the consumer.
- (3) Byrn agrees to be placed on probation with the Bureau for a period of three years from the date of entry of this Order.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(4) (a) On a quarterly basis each year for the next three years, Byrn shall submit a report to the Bureau providing details of his annuity sales activity for the preceding quarter. For each annuity sales transaction in the report, Byrn shall provide the following: (i) client name and address; (ii) annuity product purchased; (iii) amount invested in the annuity or annuities; (iv) client's age and employment status; (v) client's income and net worth; and (vi) client's risk tolerance as reported on the annuity enrollment application.

(b) Byrn shall provide the first report to the Bureau for the second quarter of 2015 on July 15, 2015. Each report thereafter shall be submitted to the Bureau on the first business day of the first month following the end of each subsequent quarter.

(5) Byrn agrees not to deposit checks for annuity premiums into the operating account of Colonial Financial Corporation or any other company that he owns or by which he is employed.

(6) In the event that he violates any term of this Order in paragraphs (1) through (5) above, Byrn 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.

The Bureau has recommended that the Commission accept Byrn's offer of settlement.

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

Accordingly, IT IS ORDERED THAT:

- (1) Byrn's offer in settlement of the matter set forth herein is hereby accepted.
- (2) Byrn 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 Byrn's failure to comply with the terms and undertakings of the settlement.

**CASE NO. INS-2015-00063
JUNE 15, 2015**

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

v.

ALLSTATE INDEMNITY COMPANY,
ALLSTATE INSURANCE COMPANY,
and
ALLSTATE PROPERTY AND CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Allstate Indemnity Company, Allstate Insurance Company, and Allstate Property and Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required in the statute; § 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 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; §§ 38.2-510 A (1), 38.2-510 A (3), and 38.2-510 A (10) 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; §§ 38.2-604 A, 38.2-604 B, 38.2-604.1, 38.2-2124, 38.2-2126 A, and 38.2-2234 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-610 A of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; § 38.2-1318 of the Code by failing to provide convenient access to files, documents and records; § 38.2-1822 of the Code by knowingly permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 of the Code by accepting insurance applications from agents who have not been appointed; § 38.2-1905 A of the Code by increasing its insured's premium or charging points under safe driver plans as a result of a motor vehicle accident where the accident was not caused either wholly or partially by the named insured, a resident of the same household, or other customary operator; § 38.2-1906 A of the Code by failing to file all rates and supplemental rate information; § 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 C, 38.2-2114 A, 38.2-2114 E, 38.2-2208 B, 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 the insured with rate classification statements; and § 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.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have tendered to the Commonwealth the sum of One Hundred Seventy-Two Thousand Five Hundred Dollars (\$172,500), waived their right to a hearing, agreed to comply with the corrective action plan set

forth in their letters to the Bureau dated October 30, 2014, and March 16, 2015, and confirmed that restitution was made to 126 consumers in the amount of Twenty-four Thousand Seven Hundred One Dollars and Eighty-five Cents (\$24,701.85).

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-2015-00064
NOVEMBER 20, 2015**

APPLICATION OF
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

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

FINAL ORDER

On July 17, 2015, the National Council on Compensation Insurance, Inc. ("NCCI" or "Applicant"),¹ filed an application with the State Corporation Commission ("Commission") for approval of certain changes applicable to voluntary market advisory loss costs and assigned risk rates and rating values for new and renewal workers' compensation insurance policies becoming effective on or after April 1, 2016 ("Application"). The Application consists of two separate filings: a voluntary market loss cost filing and an assigned risk market rate filing. The voluntary loss cost filing addresses two categories of workers' compensation classifications: (i) industrial classifications, including coal mine classifications; and (ii) federal ("F") classifications. The assigned risk rate filing addresses the same two categories.

With respect to voluntary loss costs, NCCI proposed an overall increase of 3.4% for industrial classifications; a decrease of 1.2% for F classifications; an increase of 13.3% for the surface coal mine classification; and an increase of 12% for the underground coal mine classification.

With respect to the assigned risk rates, NCCI proposed an overall increase of 2.3% for industrial classifications; a decrease of 1.7% for F classifications; an increase of 11.3% for the surface coal mine classification; and an increase of 9.9% 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 2014, but noted two changes in methodology.² Herk's testimony concerned financial aspects of the application, such as cost of equity capital.³

On July 16, 2015, the Applicant filed a Motion for Protective Order ("Motion")⁴ in this matter seeking to maintain confidentiality of certain information filed under seal 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 July 24, 2015, the Commission entered an Order Scheduling Hearing⁵ wherein the Commission docketed the case; required publication of the notice of proceeding; outlined a procedural schedule that provided respondents with the opportunity to participate and file testimony and exhibits; and scheduled an evidentiary hearing on the Application. In addition, the Commission appointed a Hearing Examiner to rule on any discovery matters arising during the course of this proceeding, including the Applicant's Motion.

On July 31, 2015, the Hearing Examiner entered a Protective Ruling⁶ providing for confidential treatment of information filed under seal.

On August 10, 2015, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed its Notice of Participation.⁷ On August 11, 2015, the Iron Workers Employers Association and the Washington Construction Employers Associations (collectively, "Respondents") filed their Notice of Participation.⁸

¹ Doc. Con. Cen. No. 150730150.

² Ex. 3 (Rosen direct) at 4-9.

³ Ex. 5 (Herk direct).

⁴ Doc. Con. Cen. No. 150730133.

⁵ Doc. Con. Cen. No. 150740171.

⁶ Doc. Con. Cen. No. 150750234.

⁷ Doc. Con. Cen. No. 150820058.

On September 3, 2015, Glenn A. Watkins ("Watkins"), David C. Parcell ("Parcell"), and Ashley S. Pistole ("Pistole") filed direct testimony and exhibits on behalf of the Bureau of Insurance ("Bureau"). Watkins' testimony, in part, addressed the profit and contingency factor for industrial classes as well as for the coal mine occupational disease class. Watkins agreed with NCCI's recommended property and contingency factor.⁹ In addition, Watkins' testimony discussed the proposed changes to the allocation of administrative and servicing carrier other expenses for the assigned risk market. Watkins agreed that the proposed expenses were reasonable but recommended that NCCI provide a detailed quantification and explanation of the new expense allocation methodology.¹⁰ Parcell reviewed Herk's testimony and provided recommendations on certain financial aspects of the Application.¹¹

In her testimony, Pistole, in part, addressed a revision to assumptions in methodology proposed by NCCI in its Application including a change related to the determination of the assigned risk plan administrative and servicing carrier other expense.¹² Pistole also testified as to a change in the approach for determining the acceptable range of profit and contingency provisions.¹³ Based upon the testimony, the Bureau determined NCCI's proposed voluntary loss costs and assigned risk rates were reasonable.¹⁴

On September 21, 2015, Rosen filed his rebuttal testimony. In his rebuttal testimony, Rosen stated that NCCI intended to respond fully to Watkins' request for more information regarding the allocation of assigned risk administrative and servicing carrier other expenses.¹⁵

On September 30, 2015, the Bureau and NCCI filed a Joint Pre-Trial Motion for Approval of Stipulation to Admit Testimony ("Joint Pre-Trial Motion") requesting that the testimony and exhibits of Herk, Parcell, and Watkins be admitted into the record without personal appearances or verifications by those witnesses at the hearing.¹⁶ On October 1, 2015, the Commission granted the Joint Pre-Trial Motion.¹⁷

On October 6, 2015, the hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Application. Charles H. Tenser III, Esquire, appeared on behalf of NCCI; John O. Cox, Esquire, appeared on behalf of the Bureau; Kiva Bland Pierce, Esquire, appeared on behalf of Consumer Counsel; and Fred H. Codding, Esquire ("Codding"), appeared as a public witness on behalf of the Respondents.

Codding testified as a public witness regarding the misclassification of employees as independent contractors in the construction industry.¹⁸

Rosen testified on behalf of NCCI. He supported NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market as revised based on the proposed revisions to the assumptions.¹⁹ Rosen also discussed the factors relating to the increase in rates in the coal mining categories.²⁰

Pistole testified on behalf of the Bureau. She discussed NCCI's proposed changes to the methodology.²¹ She also addressed NCCI's proposed loss costs for the voluntary market and rates for the assigned risk market as revised based on the proposed revisions to the assumptions.²² Pistole agreed that the proposed changes to the advisory loss costs and assigned risk rates were reasonable.²³

NOW THE COMMISSION, upon consideration of this matter, finds that the proposed change in the approach for determining the acceptable range of profit and contingency provisions, as well as the proposed changes to the voluntary market advisory loss costs and assigned risk rates, should be approved. The Commission further finds that the proposed changes to the allocation of administrative and servicing carrier other expenses for the assigned risk market are not approved and should be further studied.

⁸ Doc. Con. Cen. No. 150820070.

⁹ Ex. 8 (Watkins direct) at 3, 13-18.

¹⁰ *Id.* at 3, 8-12.

¹¹ Ex. 7 (Parcell direct).

¹² Ex. 6 (Pistole direct) at 7-8.

¹³ *Id.* at 8-9.

¹⁴ *Id.* at 17.

¹⁵ Ex. 4 (Rosen Rebuttal) at 1.

¹⁶ Doc. Con. Cen. No. 150960016.

¹⁷ Doc. Con. Cen. No. 151010043.

¹⁸ Tr. at 7-10.

¹⁹ Tr. at 15-16.

²⁰ *Id.* at 16-19.

²¹ *Id.* at 25-27.

²² *Id.* at 27-28.

²³ *Id.* at 27.

Accordingly, IT IS ORDERED THAT:

(1) The following changes applicable to the voluntary market advisory loss costs and assigned risk rates are hereby APPROVED for use with respect to new and renewal workers' compensation insurance policies effective on or after April 1, 2016: (i) an overall increase of 3.4% to the voluntary loss costs for industrial classifications; (ii) a decrease of voluntary loss costs of 1.2% for F classifications; (iii) an increase in the voluntary loss costs of 13.3% for the surface coal mine classification; (iv) an increase in the voluntary loss costs of 12% for the underground coal mine classification; (v) an overall increase of 2.3% to the assigned risk rates for industrial classifications; (vi) a decrease to the assigned risk rates of 1.7% for F classifications; (vii) an increase to the assigned risk rates of 11.3% for the surface coal mine classification; and (viii) an increase to the assigned risk rate of 9.9% for the underground mine classification.

(2) Except as otherwise ordered herein, the proposed revisions that have been filed by NCCI in this proceeding on behalf of its members and subscribers, including those relating to minimum premiums, rating values, rules, regulations and procedures for writing workers' compensation voluntary loss costs and assigned risk rates are hereby APPROVED for use with respect to new and renewal policies effective on or after April 1, 2016.

(3) On or before June 1, 2016, 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 2016 voluntary loss costs/assigned risk rate revision proceeding before the Commission. The proposed schedule shall address: (i) "pre-filing" of any discovery requests by the Bureau, Consumer Counsel, and any other parties; (ii) the date on which NCCI proposes to file with the Commission any voluntary loss costs/assigned risk rate revision application and its direct testimony; (iii) the date on which NCCI proposes to file its responses to pre-filed discovery requests; (iv) the dates for the pre-filing of the direct testimony of the Bureau, Consumer Counsel, and any respondents; (v) the date for filing by NCCI of its rebuttal testimony; and (vi) the date of any proposed hearing before the Commission.

(4) NCCI and any other persons participating in future voluntary loss costs and assigned risk rate application proceedings before the Commission, when proposing methodologies or data sources that are different from the methodologies or data sources upon which then current voluntary loss costs and/or assigned risk rate or rating values are based, shall be required to disclose 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.

(5) The Bureau and NCCI shall fully consider the reasonableness of the proposed changes to the allocation of administrative and servicing carrier other expenses for the assigned risk market and make a recommendation for the Commission's consideration in any year 2016 voluntary loss costs/assigned risk rate proceeding before the Commission.

**CASE NO. INS-2015-00066
MAY 22, 2015**

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

v.

WILLIAM RUIZ DE CASTILLA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that William Ruiz De Castilla ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of South Dakota and the State of Indiana, and by providing incomplete and untrue information on his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated April 15, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of South Dakota and the State of Indiana, and by providing incomplete and untrue information on his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00068
JUNE 2, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DONALD WILSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Donald Wilson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00069
JUNE 2, 2015**

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

v.

RPX INSURANCE SERVICES, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that RPX Insurance Services, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00070
JUNE 2, 2015**

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

v.

SUZETTE HEIGHT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Suzette Height ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

**CASE NO. INS-2015-00071
JUNE 2, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JANET BEAVER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Janet Beaver ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00072
JUNE 2, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ONPOINT UNDERWRITING, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Onpoint Underwriting, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1857.7 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a 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 23, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00073
JUNE 2, 2015**

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

v.

ROBERT KINGSLEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Robert Kingsley ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00074
JUNE 3, 2015**

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

v.
JOHN MYATT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Myatt ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00075
JUNE 3, 2015**

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

v.
SHARON MOORE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Sharon 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 ("Commonwealth"), 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 23, 2015, 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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

**CASE NO. INS-2015-00076
JUNE 3, 2015**

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

v.
KELLY DAVIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kelly Davis ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00077
JUNE 3, 2015**

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

v.
CROUSE AND ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Crouse and Associates Insurance Services of Northern California, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 and 38.2-403 of the Code of Virginia ("Code") by failing to

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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 23, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00078
JUNE 3, 2015**

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

v.
JOHN THOMPSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Thompson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00080
JUNE 3, 2015**

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

v.
KIMBERLY LINDSAY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kimberly Lindsay ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00081
JUNE 2, 2015**

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

v.
RICHARD STANG,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Stang ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00082
JUNE 2, 2015**

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

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cortland Management, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00083
JUNE 2, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KEVIN MARTIN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kevin Martin ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia

("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00085
JUNE 2, 2015**

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

v.
VIRGINIA BEAM,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Virginia Beam ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00087
JUNE 2, 2015**

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

v.
RICHARD STEVENS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Richard Stevens ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00088
JUNE 2, 2015**

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

v.
TOTAL DOLLAR MANAGEMENT EFFORT, LTD.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Total Dollar Management Effort, Ltd. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-406 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 23, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-406 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) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00090
AUGUST 7, 2015**

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

v.

TOBIAS ANTWON SITTON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tobias Antwon Sitton ("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 on his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 25, 2015, 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 and 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 on his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00092
JUNE 5, 2015**

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

v.
TERRY L. MCABEE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Terry L. McAbee ("McAbee" or "Defendant"), violated §§ 38.2-518 F, 38.2-1813, and 38.2-1822 of the Code of Virginia ("Code") by preparing and issuing certificates of insurance ("COIs") that contain false information, failing to hold insurance premiums in a fiduciary capacity, and acting as an insurance agent without first obtaining an insurance license.

Based on its investigation the Bureau alleges that McAbee, a Virginia resident, surrendered her insurance license on December 3, 2012, following a previous Bureau investigation. The investigation revealed that between May 2012 and August 2012, McAbee owned and operated McAbee and Associates Insurance Agency, LLC ("First McAbee Agency"), in Cumberland County where she sold personal and commercial property and casualty insurance to Virginia consumers. Between those dates, McAbee obtained, and converted to her own use, \$141,510.48 in premium funds when she prepared and submitted 24 false premium finance applications to a premium finance company. McAbee listed false companies and false insurance policies and forged signatures to make the applications appear as if a consumer required financing.¹

The Bureau alleges that following the surrender of her license and her conviction McAbee continued to violate the insurance laws of Virginia when she instructed an associate, Norma Reese,² to open an insurance agency on July 1, 2013, named McAbee & Associates, LLC ("Second McAbee Agency") in the same location as the First McAbee Agency.

In the fall of 2013, a Virginia consumer contacted McAbee at the Second McAbee Agency to obtain insurance. Between September 14, 2013, and April 23, 2014, McAbee acted as an insurance agent when she obtained \$37,578.86 from the consumer. McAbee failed to hold insurance premiums in a fiduciary capacity when she withheld and was unable to account for \$19,315.15 of the total premium. As a result, the policy was never issued. McAbee then prepared and issued six fraudulent COIs to the consumer to make it appear that she had procured insurance on his behalf.³

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-220 of the Code to impose certain monetary penalties, issue cease and desist orders, and issue temporary and permanent injunctions upon a finding by the Commission, after notice and opportunity to be heard, that a Defendant has committed the aforesaid alleged violations.

Having been advised of her right to a hearing in this matter the Defendant has waived that right and admitted to the facts herein and to violating §§ 38.2-518 F, 38.2-1813, and 38.2-1822 of the Code. The Defendant has made an offer of settlement to the Commission wherein she has agreed to be permanently enjoined from transacting the business of insurance, waived her right to a hearing, and agreed to abide by the terms imposed on her in Case No. CR15000014-00 by the Cumberland County Circuit Court.

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

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the 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 hereby permanently enjoined from transacting the business of insurance.
- (3) The Defendant shall abide by the terms imposed on her in Case No CR15000014-00 by the Cumberland County Circuit Court.

(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.

¹ On July 22, 2013, in Case No. CR13000034-00, McAbee pled guilty in Cumberland County Circuit Court to three felonies based on her conduct as described above.

² Norma Reese and the Second McAbee Agency surrendered their licenses on September 15, 2014, in response to allegations by the Bureau that they had knowingly allowed McAbee to act as an insurance agent when she was not licensed to act as an insurance agent in Virginia, in violation of § 38.2-1822 of the Code.

³ On March 2, 2015, in Case No. CR15000014-00, McAbee pled guilty in Cumberland County Circuit Court to one count of Felony Forgery, one count of Felony Uttering, and one count of Felony Obtaining Money by False Pretenses based on the conduct that occurred between September 14, 2013, and April 23, 2014, described above.

CASE NO. INS-2015-00093
AUGUST 5, 2015

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

v.

HAROLD WAYNE MCINTYRE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Harold Wayne McIntyre ("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 on his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated June 25, 2015, 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 on his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00094
JUNE 12, 2015

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

v.

STILLWATER INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination 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 ("Commonwealth"), violated: § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required in the statute; §§ 38.2-510 A (1) and 38.2-510 A (3) 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; §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to agencies/agents that were 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; § 38.2-2126 A of the Code by failing to accurately provide the required notices to insureds; and § 38.2-2114 of the Code by failing to properly terminate insurance policies.

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

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Thirty-two Thousand Six Hundred Dollars (\$32,600), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated September 18, 2014, February 19, 2015, and April 29, 2015, and confirmed that restitution was made to 50 consumers in the amount of Thirty Thousand One Hundred Seventy Dollars and Eighty-seven cents (\$30,170.87).

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-2015-00095
JUNE 26, 2015**

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

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Bankers Independent Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), violated: § 38.2-236 A of the Code of Virginia ("Code") by failing to send claimants' attorney or other representative a copy of the claimants' notice regarding a settlement payment of \$5,000 or greater; § 38.2-305 A of the Code by failing to provide the information required in the statute; § 38.2-310 of the Code by failing to state all fees in the policies; § 38.2-502 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; §§ 38.2-510 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; § 38.2-604.1 B of the Code by failing to provide required notices to insureds; § 38.2-610 A of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; §§ 38.2-1812 and 38.2-1833 of the Code by paying commissions to agencies/agents that were not appointed by the Defendant; § 38.2-1822 of the Code by knowingly permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1905 C of the Code by assigning points under safe-driver insurance plans to a vehicle other than the vehicle customarily driven by the operator incurring the 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; §§ 38.2-2202 A, 38.2-2202 B, and 38.2-2230 of the Code by failing to accurately provide the required notices to insureds; § 38.2-2206 A of the Code by failing to obtain a signed rejection of higher uninsured motorist limits; and §§ 38.2-2208 A and 38.2-2212 F of the Code by failing to properly terminate insurance policies.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Twenty-seven Thousand Six Hundred Dollars (\$27,600), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letter to the Bureau dated April 17, 2015, and confirmed that restitution was made to 58 consumers in the amount of Eight Thousand One Hundred Eleven Dollars and Twenty-five Cents (\$8,111.25).

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-2015-00096
JUNE 18, 2015

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARSH & MCLENNAN AGENCY, LLC,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marsh & McLennan Agency, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or 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 violation.

The Defendant has been notified of its right to a hearing before the Commission in this matter by certified letter sent May 8, 2015,¹ and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

Accordingly, IT IS ORDERED THAT:

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

¹ A clerical error was made in the letter showing the incorrect year of 2013. Proof of receipt by the Defendant can be obtained from the Bureau.

CASE NO. INS-2015-00096
JULY 8, 2015

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARSH & MCLENNAN AGENCY, LLC,
Defendant

ORDER ON RECONSIDERATION

By Order Revoking License ("Order") entered on June 18, 2015,¹ the State Corporation Commission ("Commission") ordered, among other things, the revocation of the license of Marsh & McLennan Agency, LLC ("Defendant") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia for violating § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

On July 7, 2015, the Defendant, by its Managing Director, filed a petition for reconsideration in which the Defendant requested that its license be reinstated.²

The Bureau of Insurance ("Bureau"), after verifying the Defendant's payment in compliance with the requirements of § 38.2-403 of the Code, has recommended that the Commission reinstate the Defendant's license pursuant to the authority granted the Commission in § 12.1-15 of the Code.

¹ Doc. Con. Cen. No. 150620320.

² Doc. Con. Cen. No. 150720139.

NOW THE COMMISSION, upon reconsideration of this matter, and having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license should be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order entered June 18, 2015, is VACATED.
- (2) The Defendant's license is REINSTATED.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00097
JUNE 18, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FRANKIE HARRIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Frankie Harris ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or 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 violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter sent May 8, 2015,¹ 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 § 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

Accordingly, IT IS ORDERED THAT:

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

¹ A clerical error was made in the letter showing the incorrect year of 2013. Proof of receipt by the Defendant can be obtained from the Bureau.

**CASE NO. INS-2015-00097
JUNE 29, 2015**

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

v.

FRANKIE HARRIS,
Defendant

ORDER ON RECONSIDERATION

By Order Revoking License ("Order") entered on June 18, 2015,¹ the State Corporation Commission ("Commission") ordered, among other things, the revocation of the license of Frankie Harris ("Defendant") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia for violating § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

On June 25, 2015, the Defendant, by counsel, filed a petition for reconsideration² in which he asserted that all required funds had been remitted and requested that his license be reinstated.

The Bureau of Insurance ("Bureau"), after verifying the Defendant's payment in compliance with the requirements of § 38.2-403 of the Code, has recommended that the Commission reinstate the Defendant's license pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, upon reconsideration of this matter and having considered the record herein and the recommendation of the Bureau, is of the opinion that the Defendant's license should be reinstated.

Accordingly, IT IS ORDERED THAT:

- (1) The Order entered June 18, 2015, is VACATED.
- (2) The Defendant's license is REINSTATED.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Doc. Con. Cen. No. 150620319.

² Doc. Con. Cen. No. 150630122.

**CASE NO. INS-2015-00098
JUNE 18, 2015**

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

v.

MATTHEW JEZIOR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Matthew Jezior ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or 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 violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter sent May 8, 2015,¹ 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.

¹ A clerical error was made in the letter showing the incorrect year of 2013. Proof of receipt by the Defendant can be obtained from the Bureau.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

Accordingly, IT IS ORDERED THAT:

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

CASE NO. INS-2015-00099
JUNE 18, 2015

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JEFFREY VAUGHN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeffrey Vaughn ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or 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 violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter sent May 8, 2015,¹ 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 § 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

Accordingly, IT IS ORDERED THAT:

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

¹ A clerical error was made in the letter showing the incorrect year of 2013. Proof of receipt by the Defendant can be obtained from the Bureau.

CASE NO. INS-2015-00100
JUNE 18, 2015

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

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Edward Burns ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia

("Commonwealth"), violated §§ 38.2-406 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 23, 2015, 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) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00102
JUNE 18, 2015**

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

v.
TIMOTHY BRILES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Timothy Briles ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as a surplus lines broker in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-403 of the Code of Virginia ("Code") by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or 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 violation.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter sent May 8, 2015,¹ 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 § 38.2-403 of the Code by failing to pay the Surplus Lines Broker's Annual Maintenance Assessment, penalties, fines or interest.

Accordingly, IT IS ORDERED THAT:

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

¹ A clerical error was made in the letter showing the incorrect year of 2013. Proof of receipt by the Defendant can be obtained from the Bureau.

**CASE NO. INS-2015-00103
JUNE 26, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GEICO GENERAL INSURANCE COMPANY
and
GOVERNMENT EMPLOYEES INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that GEICO General Insurance Company and Government Employees Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia, violated § 38.2-1906 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have waived their right to a hearing and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 12, 2015.

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-2015-00111
JULY 10, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STEPHENIE OWEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Stephenie Owen ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Iowa and the Iowa Board of Pharmacy, and by providing untrue information on her license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated May 21, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of Iowa and the Iowa Board of Pharmacy, and by providing untrue information on her license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00112
JULY 10, 2015**

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

v.

NATALIE SEEMAN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Natalie Seeman ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of North Dakota and the State of Wyoming, and by providing misleading and incomplete information on her license application filed with the Commission.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letters dated April 21, 2015, and May 13, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 C and 38.2-1831 (1) of the Code by failing to report to the Commission within 30 calendar days administrative actions that were taken against her by the State of North Dakota and the State of Wyoming, and by providing misleading and incomplete information on her license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00113
JULY 10, 2015**

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

v.

JOSEPH MARTINEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joseph Martinez ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing untrue information on his license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated May 13, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing untrue information on his license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00114
JULY 6, 2015**

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

v.

CHRISTOPHER GEORGE WAYNE LYN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher George Wayne Lyn ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1826 A and 38.2-1826 C of the Code of Virginia ("Code") by failing to notify the Commission of a change in address, and by failing to notify the Commission of an administrative action taken against him by the State of Michigan.

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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 notified of his right to a hearing before the Commission in this matter by certified letter dated May 13, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1826 A and 38.2-1826 C of the Code by failing to notify the Commission of a change in address, and by failing to notify the Commission of an administrative action taken against him by the State of Michigan.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00115
JULY 6, 2015**

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

v.

FARDOSA NUUR,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Fardosa Nuur ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated §§ 38.2-1809 and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to make records available upon request, and by providing incomplete 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 her right to a hearing before the Commission in this matter by certified letters dated April 15, 2015, and May 1, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated §§ 38.2-1809 and 38.2-1831 (1) of the Code by failing to make records available upon request, 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 the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.

- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00118
JULY 10, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SHAWN M. RICHARDSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Shawn M. Richardson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Commonwealth"), violated 14 VAC 5-80-350 (2) of the Commission's Rules Governing Variable Life Insurance, 14 VAC 5-80- 10 *et seq.* ("Rules"), by failing to report to the Commission a disciplinary sanction imposed upon him by the Financial Industry Regulatory Authority.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a 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 5, 2015, and mailed to the Defendant's address shown in the records of the Bureau.

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

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

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated Rule 14 VAC 5-80-350 (2) by failing to report to the Commission a disciplinary sanction imposed upon him by the Financial Industry Regulatory Authority.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in the Commonwealth is hereby REVOKED.
- (2) All appointments issued under said license are hereby VOID.
- (3) The Defendant shall transact no further business in the Commonwealth as an insurance agent.
- (4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth prior to sixty (60) days from the date of this Order.
- (5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in the Commonwealth.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00119
AUGUST 11, 2015**

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

v.

JERRY PILKINGTON,
Defendant

CONSENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation into the insurance activities of Jerry Pilkington ("Defendant"), pursuant to § 38.2-1809 of the Code of Virginia ("Code").

The Defendant first obtained a Virginia resident insurance agent license in 2011. Subsequent to the Bureau's investigation, he left Virginia and has become a resident agent in South Carolina. Consequently, his Virginia license was administratively terminated according to § 38.2-1826 D of the Code.

The investigation revealed that between January and November of 2012, while working at a Virginia insurance agency, the Defendant obtained credit information on approximately 300 applicants for home owners insurance without their knowledge or consent for the purpose of providing them with an insurance quote.

During that time, the Defendant accessed the Universal North American Insurance Company's agent internet website, which allows agents to obtain, among other things, quotes for home owners insurance. To obtain quotes, the Defendant uploaded electronic applications on behalf of approximately 300 Virginia consumers whereby he obtained credit information on their behalf prior to submitting their applications. The Defendant, however, had not notified consumers that he was submitting insurance applications on their behalf that used credit information, which he was required to do by § 38.2-604 of the Code.

In July 2015, following discussions with the Bureau, the Defendant agreed to the Commission's jurisdiction over him and over this matter, and he waived his right to a hearing. He also admitted to the violations of the Code as described above. In addition, he agreed, pursuant to § 38.2-220 of the Code, to the entry of a permanent injunction barring him from engaging in the business of insurance in Virginia.

NOW THE COMMISSION, upon the request of the Bureau and with the consent of the Defendant, is of the opinion and finds that the Defendant violated § 38.2-604 of the Code. The Commission also finds that he should be permanently enjoined from participating in the business of insurance in Virginia.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-220 of the Code, the Defendant is permanently enjoined from engaging in the business of insurance in Virginia.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00132
SEPTEMBER 2, 2015**

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

v.

AETNA LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Aetna 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 §§ 38.2-316 A, 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; violated §§ 38.2-502 (1) and 38.2-503 of the Code, as well as 14 VAC 5-90-50 B, 14 VAC 5-90-55 A, and 14 VAC 5-90-130 A of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.*, by failing to comply with advertising requirements; violated §§ 38.2-510 A (1), 38.2-510 A (2), 38.2-510 A (5), 38.2-510 A (6), 38.2-510 A (14), and 38.2-510 A (15) of the Code by failing to properly handle claims with such frequency as to indicate a general business practice, as well as 14 VAC 5-400-40 A, 14 VAC 5-400-50 A, 14 VAC 5-400-50 C, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, 14 VAC 5-400-70 A, 14 VAC 5-400-70 B, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly handle claims; violated § 38.2-511 of the Code by failing to have complete complaint registers; violated § 38.2-514 B of the Code by failing to make proper disclosures in the explanation of benefits; violated § 38.2-1812 A of the Code by paying commissions for services as an agent to persons who were not properly licensed and appointed; violated § 38.2-1822 A of the Code by knowingly permitting unlicensed persons to act as agents; violated § 38.2-1833 A (1) of the Code by failing to comply with agent licensing requirements; violated § 38.2-3115 B of the Code by failing to properly pay interest on life insurance proceeds; violated § 38.2-3405 B of the Code by improperly allowing the subrogation of a claims payment; violated § 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; violated §§ 38.2-3407.4 A and 38.2-3407.4 B of the Code by failing to comply with explanation of benefits requirements; violated §§ 38.2-3407.14 A and 38.2-3407.14 B of the Code by failing to comply with the requirements regarding notice of premium increases; violated §§ 38.2-3407.15 B (1), 38.2-3407.15 B (2), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (5), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (8), 38.2-3407.15 B (9), 38.2-3407.15 B (10), and 38.2-3407.15 B (11) of the

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Code by failing to comply with ethics and fairness requirements for business practices; violated § 38.2-3533 of the Code by failing to comply with the requirements regarding individual certificates; violated § 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 (MCHIPS); violated § 38.2-5805 B of the Code by failing to comply with the requirements governing provider contracts; and violated 14 VAC 5-40-60 B of the Commission's Rules Governing Life Insurance and Annuity Marketing Practices, 14 VAC 5-40-10 *et seq.*, by failing to maintain a complete file of every printed, published, or prepared marketing communication.¹

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 Sixty-three Thousand Dollars (\$63,000), waived its right to a hearing, agreed to the entry by the Commission of a cease and desist order, and agreed to comply with the Corrective Action Plan contained in the Target Market Conduct Examination Report.

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), 38.2-510 A (1), 38.2-510 A (5), 38.2-3405 B, 38.2-3407.14 A, 38.2-3407.14 B, 38.2-3533, and 38.2-5804 A of the Code, as well as 14 VAC 5-400-40 A or 14 VAC 5-400-60 A.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ 14 VAC 5-40-60 B has been repealed; this requirement is now located at 14 VAC 5-41-150 C of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10 *et seq.*

**CASE NO. INS-2015-00133
AUGUST 5, 2015**

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

v.
MARIVEL ALVAREZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marivel Alvarez ("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 and incomplete 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 her right to a hearing before the Commission in this matter by certified letter dated June 25, 2015, 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 and 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-2015-00134
AUGUST 6, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BLENDA VANETTE GAMEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Blenda Vanette Gamez ("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 administrative actions that were taken against her by the State of North Carolina, the State of New York, and the State of South Dakota.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated June 25, 2015, 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 administrative actions that were taken against her by the State of North Carolina, the State of New York, and the State of South 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-2015-00139
DECEMBER 18, 2015**

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

v.
JENNIFER PLOUTIS
and
CENTRAL TITLE AND ESCROW, INC.,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jennifer Ploutis and Central Title and Escrow, Inc. ("Central Title") (collectively "Defendants"), who are both duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia¹ violated: (i) § 55-525.11 of the Code of Virginia ("Code") by failing to cause recordation of the deed, the deed of trust, or mortgage, or other documents required to be recorded and failing to cause disbursement of settlement proceeds within two business days of settlement; (ii) § 55-525.20 A of the Code by failing to exercise reasonable care and comply with all applicable requirements of Chapter 27.3 of Title 55 of the Code; (iii) § 55-525.24 A of the Code by failing to handle all funds deposited in connection with an escrow, settlement, or closing in a fiduciary capacity; (iv) § 55-525.24 B of the Code by failing to disburse funds held in an escrow account pursuant to a written instruction or agreement specifying how and to whom such funds may be disbursed; (v) § 55-525.25 of the Code by making a materially false or misleading statement or entry on a settlement statement; (vi) § 55-525.27 of the Code and 14 VAC 5-395-70 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq.*, by failing to maintain sufficient records; and (vii) § 38.2-1826 A of the Code by failing to report within thirty calendar days to the Commission a change in name.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-220, 38.2-1831, and 55-525.31 of the Code to impose certain monetary penalties, issue cease and desist orders, issue temporary and permanent injunctions, and suspend or revoke a 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 they (i) waive their right to a hearing, (ii) agree to pay a \$12,000 penalty, and (iii) agree to comply with the corrective action plan filed with the Bureau.

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 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.

¹ Central Title is also a registered settlement agent.

**CASE NO. INS-2015-00141
SEPTEMBER 21, 2015**

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

Ex Parte: In the matter of Amending the Rules Governing Annual Financial Reporting

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to rules set forth in Chapter 270 of Title 14 of the Virginia Administrative Code entitled Rules Governing Annual Financial Reporting ("Rules"), which amend the Rules at 14 VAC 5-270-40, 14 VAC 5-270-100, 14 VAC 5-270-110, 14 VAC 5-270-120, 14 VAC 5-270-144, and 14 VAC 5-270-174, and adds a new Rule at 14 VAC 5-270-145.

The amendments to the Rules are being proposed due to the National Association of Insurance Commissioners' adoption of the revisions to the Annual Financial Reporting Model Regulation. The proposed amendments provide the Commission with the authority to require all insurers with annual premiums exceeding \$500 million and insurance groups with annual premiums exceeding \$1 billion to maintain an internal audit function that provides independent, objective, and reasonable assurance to the audit committee and management regarding the insurer's governance, risk management, and internal controls. The internal audit function is required to be organizationally independent from management and to report at least annually to the audit committee on the results of internal audit activities.

NOW THE COMMISSION is of the opinion that the proposed amendments submitted by the Bureau to amend the Rules at 14 VAC 5-270-40, 14 VAC 5-270-100, 14 VAC 5-270-110, 14 VAC 5-270-120, 14 VAC 5-270-144, and 14 VAC 5-270-174, and add a new Rule at 14 VAC 5-270-145 should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Annual Financial Reporting, which amend the Rules at 14 VAC 5-270-40, 14 VAC 5-270-100, 14 VAC 5-270-110, 14 VAC 5-270-120, 14 VAC 5-270-144, and 14 VAC 5-270-174, and add a new Rule at 14 VAC 5-270-145 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 oppose amending Chapter 270 of Title 14 of the Virginia Administrative Code, shall file such comments or hearing request on or before November 18, 2015, 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/PublicComments.aspx>. All comments shall refer to Case No. INS-2015-00141.

(3) If no written request for a hearing on the proposal to amend Chapter 270 of Title 14 of the Virginia Administrative Code is received on or before November 18, 2015, 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 give further notice of the proposal to amend rules by mailing a copy of this Order, together with the proposal, to all licensed insurers, burial societies, fraternal benefit societies, health service plans, health maintenance organizations, legal services plans, dental or optometric services plans, and dental plan organizations authorized by the Commission pursuant to the provisions of Title 38.2 of the Code, as well as to all interested parties. To be made part of this list, call (804) 371-9826.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposal to amend rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposed amendments to the rules on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the Attachment entitled "Annual Financial Reporting" is on file and 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-2015-00141
DECEMBER 7, 2015**

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

Ex Parte: In the matter of Amending the Rules Governing Annual Financial Reporting

ORDER ADOPTING RULES

By Order to Take Notice ("Order") entered September 21, 2015,¹ all interested parties were ordered to take notice that subsequent to November 8, 2015, the State Corporation Commission ("Commission") would consider the entry of an order to adopt amendments to the rules set forth in Chapter 270 of Title 14 of the Virginia Administrative Code, entitled Rules Governing Annual Financial Reporting, 14 VAC 5-270-10 *et seq.* ("Rules"), which amend the Rules at 14 VAC 5-270-40, 14 VAC 5-270-100, 14 VAC 5-270-110, 14 VAC 5-270-120, 14 VAC 5-270-144, and 14 VAC 5-270-174, and add a new Rule at 14 VAC 5-270-145.

The amendments to the Rules were proposed by the Commission's Bureau of Insurance ("Bureau") due to the National Association of Insurance Commissioners' adoption of the revisions to the Annual Financial Reporting Model Regulation. The proposed amendments provide the Commission with the authority to require all insurers with annual premiums exceeding \$500 million and insurance groups with annual premiums exceeding \$1 billion to

¹ Doc. Con. Cen. No. 150940016.

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maintain an internal audit function that provides independent, objective, and reasonable assurance to the audit committee and management regarding the insurer's governance, risk management, and internal controls. The internal audit function is required to be organizationally independent from management and to report at least annually to the audit committee on the results of internal audit activities.

The Order required that on or before November 18, 2015, any person requesting a hearing on the amendments to the Rules shall have filed such request for a hearing with the Clerk of the Commission ("Clerk"). No request for a hearing was filed with the Clerk.

The Order also required all interested persons to file with the Clerk their comments in support of or in opposition to the amendments to the Rules on or before November 18, 2015. No comments were filed with the Clerk.

The Bureau recommends that the amendments to the Rules be adopted as proposed.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Rules should be adopted as amended and revised.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to Rules Governing Insurance Holding Companies, which amend the Rules at 14 VAC 5-270-40, 14 VAC 5-270-100, 14 VAC 5-270-110, 14 VAC 5-270-120, 14 VAC 5-270-144, and 14 VAC 5-270-174, and add a new Rule at 14 VAC 5-270-145, which are attached hereto and made a part hereof, are hereby ADOPTED to be effective January 1, 2016.

(2) The Bureau forthwith shall give further notice of the adopted Rules by mailing a copy of this Order to every entity that is licensed, approved, registered, or accredited in the Commonwealth of Virginia ("Virginia") under the provisions of Title 38.2 of the Code of Virginia ("Code") and also subject to solvency regulation in Virginia pursuant to the provisions of Title 38.2 of the Code, as well as to all interested parties.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the attached adopted Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

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

(5) The Bureau shall file with the Clerk an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

NOTE: A copy of the attachment entitled "Rules Governing Annual Financial Reporting" is on file and 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-2015-00147
OCTOBER 6, 2015**

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

For modification of the Final Order to add additional services offered by Anthem Affiliate AIM to those approved for provision from locations outside Virginia in Case No. INS-2014-00065

FINAL ORDER

On August 24, 2015, Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition pursuant to 5 VAC 5-20-100 B of the State Corporation Commission's ("Commission") Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, and the Final Order entered in Case No. INS-2007-00141.¹ In the 2007 Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the 2007 Final Order, the Commission also provided that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located in Virginia to offices located outside of Virginia, it should seek permission from the Commission by filing a petition "... setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."²

¹ *Petition of Anthem Health Plans of Virginia, Inc., et al., For Amendment of Final Order in Case No. INS-2002-00131, Case No. INS-2007-00141, 2007 S.C.C. Ann. Rept. 114, Final Order (Aug. 9, 2007) (hereinafter "2007 Final Order").*

² *Id.* at 116, para. 4.

In this Petition, Petitioners are requesting that the 2007 Final Order be modified to allow American Imaging Management, Inc. ("AIM"), an Anthem affiliate, to provide the following two services from outside Virginia: the SRx program, a specialty pharmaceutical management program, and the AIM Shopper program, a program that allows Anthem members access to information to compare costs associated with common medical procedures.³

The Petitioners represent that an advance draft of the Petition has been provided to the Office of the Attorney General's Division of Consumer Counsel, to the Medical Society of Virginia ("MSV"), and to the Commission's Bureau of Insurance and that MSV has authorized the Petitioners to represent that it does not object to the Petition.⁴

On August 28, 2015, the Commission entered a Scheduling Order in which it provided a deadline of September 18, 2015, for interested persons to comment or to file a notice of participation as a respondent in this matter and provided a deadline of September 25, 2015, for the Bureau of Insurance ("Bureau") to file a response to the Petition.

No comments or notices of participation were filed. On September 23, 2015, the Bureau filed its response to the Petition. The Bureau stated that it does not oppose the relief requested by Anthem.

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

Accordingly, IT IS ORDERED THAT:

- (1) Anthem's Petition is GRANTED.
- (2) Anthem is permitted to allow its affiliate AIM to provide the following two services from locations in states other than Virginia: the SRx program, a specialty pharmaceutical management program, and the AIM Shopper program, a program that allows Anthem members access to information to compare costs associated with common medical procedures.
- (3) The other provisions of the Final Order in Case No. INS-2007-00141 are not affected hereby, and Anthem shall continue to comply therewith.
- (4) This matter is dismissed, and the papers herein shall be placed in the file for ended causes.

³ Petition at 1, 3-5.

⁴ *Id.* at 6.

**CASE NO. INS-2015-00148
NOVEMBER 20, 2015**

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

v.

NATIONWIDE LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Nationwide 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 §§ 38.2-316 A, 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; violated § 38.2-316.1 of the Code by failing to file premium rates for approval by the Commission; violated §§ 38.2-510 A (6) and 38.2-510 A (14) of the Code by failing to properly handle claims with such frequency as to indicate a general business practice, as well as 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; violated § 38.2-3407.4 A of the Code by failing to comply with explanation of benefits requirements; and violated § 38.2-3451 A of the Code by failing to comply with essential health benefits coverage, as these sections pertain to student health insurance policy forms issued in Virginia for the 2014-2015 school year.

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 Sixteen Thousand Three Hundred Forty Dollars (\$16,340), 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 Bureau's letter dated August 27, 2015, as it pertains to student health insurance policy forms issued in Virginia for the 2014-2015 school year and subsequent school years.

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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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), 38.2-38.2-316.1, and 38.2-3451 A of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00151
SEPTEMBER 16, 2015**

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

v.
FEDERAL INSURANCE COMPANY,
GREAT NORTHERN INSURANCE COMPANY,
PACIFIC INDEMNITY COMPANY
and
VIGILANT INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Federal Insurance Company, Great Northern Insurance Company, Pacific Indemnity Company, and Vigilant 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: § 38.2-304 of the Code of Virginia ("Code") by using an oral or written binder of insurance for more than 60 days; § 38.2-305 A of the Code by failing to provide the information required by statute in the insurance policy; §§ 38.2-305 B, 38.2-604 B, 38.2-604 C, 38.2-610 A, 38.2-2118, 38.2-2202 A, and 38.2-2202 B of the Code by failing to accurately provide the required notices to insureds; § 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 of the Code by misrepresenting the benefits, advantages, conditions or terms of insurance policies; § 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 for paying commissions to agencies/agents that are not appointed by the Defendants; § 38.2-1822 of the Code by knowingly permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission; § 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 safe-driver insurance policies to a vehicle other than the vehicle customarily driven by the operator responsible for incurring points; §§ 38.2-1906 A and 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; §§ 38.2-2113 A, 38.2-2113 C, 38.2-2114 A, 38.2-2114 C, 38.2-2114 I, 38.2-2208 A, and 38.2-2208 B of the Code by failing to properly terminate insurance policies; and §§ 38.2-510 A (3) and 38.2-510 A (10) 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 Ninety-six Thousand Five Hundred Dollars (\$96,500), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their correspondence to the Bureau dated October 23, 2014, and April 22, 2015, and confirmed that restitution was made to 53 consumers in the amount of Thirty-six Thousand Two Hundred Sixty-one Dollars and Eleven Cents (\$36,261.11).

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-2015-00156
SEPTEMBER 18, 2015**

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

IMPAIRMENT ORDER

Affirmative Insurance Company, an Illinois domiciled insurer ("Defendant"), licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), is required by § 38.2-1028 of the Code of Virginia ("Code") to maintain minimum capital of \$1 million and minimum surplus of \$3 million.

Section 38.2-1036 of the Code provides that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in Virginia while the impairment of the insurer's surplus exists.

The Quarterly Statement of the Defendant, dated June 30, 2015, and filed with the Commission's Bureau of Insurance, indicates surplus of negative \$8,854, an impairment of surplus of \$3,008,854.00.

Accordingly, IT IS ORDERED THAT:

- (1) Within ninety (90) days of the date of this Impairment Order, the Defendant shall eliminate the impairment in its surplus, restore the same to at least \$3 million, and advise the Commission of the accomplishment thereof by affidavit of the Defendant's president or other authorized officer.
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia while the impairment of the Defendant's surplus exists and until further order of the Commission.

**CASE NO. INS-2015-00160
SEPTEMBER 28, 2015,**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JASON GREGORY CHRISTMAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jason Gregory Christmas ("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 administrative actions that were taken against him by the State of Kansas, the State of North Dakota, and the State of Indiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated August 19, 2015, 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 administrative actions that were taken against him by the State of Kansas, the State of North Dakota, and the State of Indiana.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00161
OCTOBER 27, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CANDIUS J. BANNISTER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Candius J. Bannister ("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 14 VAC 5-80-350 (2) of the Commission's Rules Governing Variable Life Insurance, 14 VAC 5-80- 10 *et seq.* ("Rules"), by failing to report to the Commission a disciplinary sanction imposed upon her by the Financial Industry Regulatory Authority.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 14, 2015, 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 Rule 14 VAC 5-80-350 (2) by failing to report to the Commission a disciplinary sanction imposed upon her by the Financial Industry Regulatory Authority.

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-2015-00164
DECEMBER 14, 2015**

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

SETTLEMENT ORDER

Based on a market analysis inquiry performed by the Bureau of Insurance ("Bureau"), it is alleged that Aetna 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 §§ 38.2-316 A, 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; violated § 38.2-316.1 of the Code by failing to file premium rates for approval by the Commission; and violated § 38.2-3451 A of the Code by failing to comply with essential health benefits coverage requirements.

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

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Four Hundred Twenty Thousand Three Hundred Fifty Dollars (\$420,350), 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 August 28, 2015.

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), 38.2-316.1, and 38.2-3451 A of the Code.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00165
SEPTEMBER 28, 2015**

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

v.
JAMES A. AYOT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James A. Ayot ("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 State of Arkansas, 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 August 20, 2015, 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 State of Arkansas, 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.

- 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-2015-00166
OCTOBER 6, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TNUS INSURANCE COMPANY,
TRANS PACIFIC INSURANCE COMPANY,
and
TOKIO MARINE AMERICA INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that TNUS Insurance Company, Trans Pacific Insurance Company, and Tokio Marine America 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 set forth in their letter to the Bureau dated July 20, 2015, confirmed that restitution was made to 125 consumers in the amount of \$120,233, and waived their right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00169
OCTOBER 23, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE ADVANCED INSURANCE COMPANY
and
PROGRESSIVE GULF INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Advanced Insurance Company and Progressive Gulf 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 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The 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 One Thousand Dollars (\$1,000) for an amount totaling Two Thousand Dollars (\$2,000), waived their right to a hearing, agreed to comply with the corrective action plan set forth in their letter to the Bureau dated September 9, 2015, and confirmed that restitution was made to 1,842 consumers in the amount of \$261,479.39.

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-2015-00170
NOVEMBER 9, 2015**

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

Ex Parte: In re: Rules Governing Settlement Agents

ORDER TO TAKE NOTICE

Section 55-525.28 of the Code of Virginia provides that the State Corporation Commission ("Commission") may adopt such regulations as it deems appropriate to effect the purposes of Chapter 27.3 (§ 55-525.16 *et seq.*) of Title 55 of the Code of Virginia. The Commission's regulations governing title insurance agents, title insurance agencies and title insurance companies providing escrow, closing or settlement services involving real property located in Virginia ("settlement agents") are set forth in Chapter 395 of Title 14 of the Virginia Administrative Code ("Chapter 395").

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to Chapter 395. The amendments to the regulations are being proposed to address changes in business practices, technology, and federal law, and include various technical and other clarifying changes. A copy of the regulations may also be found at the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

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 February 1, 2016.

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 December 31, 2015. 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. INS-2015-00170. 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*.
- (5) The Bureau shall forthwith send by e-mail or U.S. mail a copy of this Order, together with a copy of the proposed regulations, to all licensed and registered title insurance agents, title insurance agencies and title insurance companies providing escrow, closing or settlement services involving real property located in Virginia, and such other interested parties as the Bureau may designate.
- (6) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (5).
- (7) This matter is continued.

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

**CASE NO. INS-2015-00171
OCTOBER 6, 2015**

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

v.
AUTO-OWNERS INSURANCE COMPANY
and
OWNERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Auto-Owners Insurance Company and Owners Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), 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 One Thousand Dollars (\$1,000) for an amount totaling Two Thousand Dollars (\$2,000), agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 18, 2015, and waived their right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00172
OCTOBER 6, 2015**

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

v.
SELECTIVE INSURANCE COMPANY OF AMERICA,
SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA,
SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST,
and
SELECTIVE WAY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, and Selective Way Insurance Company (collectively, "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 A of the Code of Virginia ("Code") by failing to file with the Commission certain rate and supplementary rate information on or before the date it became effective.

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

The Defendants have been advised of their right to a hearing in this matter whereupon the Defendants, without admitting any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan set forth in their letter to the Bureau dated May 19, 2015, and waived their right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00173
OCTOBER 6, 2015**

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

v.

CHARNAL DELEEN JONES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Charnal Deleen Jones ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agent in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1813 A of the Code of Virginia ("Code") by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

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 August 24, 2015, and mailed to the Defendant's addresses 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 § 38.2-1813 A of the Code by failing, in the ordinary course of business, to pay funds received from insureds to the insurer entitled to the payment.

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-2015-00174
OCTOBER 16, 2015**

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

Ex Parte: In the matter of Amending Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to amend certain sections found in Chapter 130 of Title 14 of the Virginia Administrative Code entitled "Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms" ("Rules"), which are set out at 14 VAC 5-130-40, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-65, 14 VAC 5-130-70, and 14 VAC 5-130-81.

The amendments to these sections are necessary to define and clarify the requirements applicable to the filing of rates for student health insurance coverage, which is a type of individual health insurance coverage.

NOW THE COMMISSION is of the opinion that the proposed amendments to 14 VAC 5-130-40, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-65, 14 VAC 5-130-70, and 14 VAC 5-130-81 as submitted by the Bureau should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

(1) The proposed amendments to the "Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms," which amend the Rules at 14 VAC 5-130-40, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-65, 14 VAC 5-130-70, and 14 VAC 5-130-81, 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, 2015, 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-2015-00174.

(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 November 30, 2015, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.

(4) The Bureau forthwith shall provide notice of the proposal to amend the Rules by sending, by e-mail or U.S. mail, a copy of this Order, together with the proposal, to all insurers, health maintenance organizations and health services plans licensed in Virginia to sell accident and sickness insurance, 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 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).

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Ch. 130. Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness" is on file and 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-2015-00174
DECEMBER 7, 2015**

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

Ex Parte: In the matter of Amending Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms

ORDER ADOPTING REVISIONS TO RULES

On October 16, 2015, the State Corporation Commission ("Commission") issued an Order to Take Notice ("Order") to consider revisions to the Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms set forth in Chapter 130 of Title 14 of the Virginia Administrative Code ("Rules").¹

These amendments were proposed by the Bureau of Insurance ("Bureau") to define and clarify the requirements applicable to the filing of rates for student health insurance coverage, which is a type of individual health insurance coverage.

The Order required that on or before November 30, 2015, 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 November 30, 2015. No comments were filed with the Clerk.

The Bureau recommends that the amendments to the Rules be adopted as proposed.

NOW THE COMMISSION, having considered this matter, is of the opinion that the Rules should be adopted as amended.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms at Chapter 130 of Title 14 of the Virginia Administrative Code, which amend the Rules at 14 VAC 5-130-40, 14 VAC 5-130-50, 14 VAC 5-130-60, 14 VAC 5-130-65, 14 VAC 5-130-70, and 14 VAC 5-130-81, and which are attached hereto and made a part hereof, are hereby ADOPTED, to be effective January 1, 2016.

(2) The Bureau forthwith shall give notice of the adoption of the amendments to the Rules by sending, by e-mail or U.S. mail, a copy of this Order, together with a copy of the adopted Rules, to all insurers, health maintenance organizations and health services plans licensed in Virginia to sell accident and sickness insurance, 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 in Ordering Paragraph (2) above.

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

NOTE: A copy of the attachment entitled "Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

¹ The Rules can be found at: <http://law.lis.virginia.gov/admincode/title14/agency5/chapter130>.

**CASE NO. INS-2015-00175
OCTOBER 13, 2015**

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

CONSENT ORDER

Financial American Life Insurance Company ("Defendant"), a Kansas domiciled insurer, was initially licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") on November 2, 1990.

The Defendant timely filed its June 30, 2015, Quarterly Statement that reflects the Defendant's surplus is below the \$3 million minimum required by § 38.2-1028 of the Code of Virginia ("Code").

By letter to the Bureau of Insurance ("Bureau") dated September 24, 2015, and signed by the Defendant's president, Manuel Millor, the Defendant consented to the suspension of its license to transact the business of insurance in Virginia.

The Bureau has recommended that the license of the Defendant be suspended.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 38.2-1040 of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby **SUSPENDED**.
- (2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.
- (3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby **SUSPENDED**.
- (4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.
- (5) The Bureau shall cause an attested copy of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in Virginia as notice of the suspension of such agent's appointment.
- (6) The Bureau shall cause notice of the suspension of the Defendant's license to be published in the manner set forth in § 38.2-1043 of the Code.

**CASE NO. INS-2015-00176
OCTOBER 13, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KURTIS EMIL SCHOENBAUER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kurtis Emil Schoenbauer ("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 administrative actions that were taken against him by the State of Oklahoma and the State of Indiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated September 9, 2015, 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 administrative actions that were taken against him by the State of Oklahoma and the State of Indiana.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00177
OCTOBER 13, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CARLEY BRUSH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Carley Brush ("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 A and 38.2-1826 C of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission, and to every insurer for which she is appointed, any change in her residence, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of California.

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

The Defendant has been notified of her right to a hearing before the Commission in this matter by certified letter dated September 9, 2015, 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 A and 38.2-1826 C of the Code by failing to report within 30 calendar days to the Commission, and to every insurer for which she is appointed, any change in her residence, and by failing to report to the Commission within 30 calendar days an administrative action that was taken against her by the State of California.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00182
DECEMBER 2, 2015**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that HCC Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated §§ 38.2-1822 B and 38.2-1833 A (1) of the Code of Virginia ("Code") by permitting persons to act as agents without first obtaining a license in the manner and form prescribed by the Commission and by accepting insurance applications from agents who have not been appointed.

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 Nine Thousand Dollars (\$9,000) and waived its right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. INS-2015-00183
OCTOBER 27, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANGELICA DIANIRA TOBIAS ZAVALA,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Angelica Dianira Tobias Zavala ("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 South 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 September 21, 2015, 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 South 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-2015-00184
NOVEMBER 9, 2015**

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

Ex Parte: In the matter of Amending Rules Governing Internal Appeal and External Review

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy may also be found at the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to amend certain sections found in Chapter 216 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Internal Appeal and External Review" ("Rules"), which are set out at 14 VAC 5-216-10, 14 VAC 5-216-20, 14 VAC 5-216-40, and 14 VAC 5-216-50, and establish a new section at 14 VAC 5-216-65.

The amendments and the new section are necessary to define an "exception request" for an enrollee to obtain a prescription drug that is not on a health carrier's closed formulary and to describe the requirements for the exception request process that will enhance and further clarify the process identified in § 38.2-3407.9:01 B 2 and 3 of the Code. The amendments also provide further clarification to the urgent care appeals section.

NOW THE COMMISSION is of the opinion that the proposed amendments to 14 VAC 5-216-10, 14 VAC 5-216-20, 14 VAC 5-216-40, and 14 VAC 5-216-50 and the new section at 14 VAC 5-216-65, as submitted by the Bureau, should be considered for adoption.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed amendments to the "Rules Governing Internal Appeal and External Review," which amend the Rules at 14 VAC 5-216-10, 14 VAC 5-216-20, 14 VAC 5-216-40, and 14 VAC 5-216-50 and establish a new section at 14 VAC 5-216-65, 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 and new section, shall file such comments or hearing request on or before December 18, 2015, 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-2015-00184.
- (3) If no written request for a hearing on the proposal to amend and establish new Rules as outlined in this Order is received on or before December 18, 2015, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the Rules as submitted by the Bureau.
- (4) The Bureau forthwith shall provide notice of the proposal to amend and establish new Rules by sending, by e-mail or U.S. mail, a copy of this Order, together with the proposal, to all insurers, health maintenance organizations and health services plans licensed in Virginia to sell accident and sickness insurance, 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 and establish new Rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: <http://www.scc.virginia.gov/case>.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4).

(8) This matter is continued.

NOTE: A copy of Attachment A entitled "Rules Governing Internal Appeal and External Review" is on file and 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-2015-00184
NOVEMBER 18, 2015**

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

Ex Parte: In the matter of Amending Rules Governing Internal Appeal and External Review

CORRECTING ORDER TO TAKE NOTICE

In an Order to Take Notice entered herein November 9, 2015, subsection A of 14 VAC 5-216-65 found on page 10 of the proposed amendments to the Rules Governing Internal Appeal and External Review, was incorrect. The corrected page 10 containing the text as it should have been proposed, is attached.

Accordingly, IT IS ORDERED THAT:

(1) The text in subsection A of 14 VAC 5-216-65 found on page 10 of the proposed amendments to the Rules Governing Internal Appeal and External Review in the Order to Take Notice entered November 9, 2015, shall be corrected in accordance with the text in subsection A as it should have been proposed, which is attached hereto and made a part hereof.

(2) All other provisions of the Order to Take Notice entered November 9, 2015, shall remain in full force and effect.

(3) The Bureau shall notify the Register of Regulations of this correction for appropriate publication in the *Virginia Register of Regulations*.

(4) The Bureau shall provide notice of this correction by sending, by e-mail or U.S. mail a copy of this Order and the corrected page 10 to all insurers, health maintenance organizations and health services plans licensed in Virginia to sell accident and sickness insurance, and to all interested persons.

(5) The Commission's Division of Information Resources shall make available this Order and the corrected page 10 on the Commission's website: <http://www.scc.virginia.gov/boi/laws.aspx>.

(6) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4).

NOTE: A copy of the corrected page 10 of the "Rules Governing Internal Appeal and External Review" is on file and 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-2015-00187
NOVEMBER 4, 2015**

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

v.
NOEL G. THOMAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Noel G. 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 A and 38.2-1826 C of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of New York and the State of Indiana.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 6, 2015, 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 A and 38.2-1826 C of the Code by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address, and by failing to report to the Commission within 30 calendar days administrative actions that were taken against him by the State of New York and the State of Indiana.

Accordingly, IT IS ORDERED THAT:

- (1) The license of the Defendant to transact the business of insurance as an insurance agent in 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-2015-00192
NOVEMBER 9, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HOLMAN H. SARMIENTO MONSALVO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Holman H. Sarmiento Monsalvo ("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 38.2-1826 A of the Code of Virginia ("Code") by misrepresenting information on or relative to an application relating to the business of insurance in order to obtain a commission, 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.

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated September 14, 2015, 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 38.2-1826 A of the Code by misrepresenting information on or relative to an application relating to the business of insurance in order to obtain a commission, 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-2015-00196
DECEMBER 18, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TWIN CITY FIRE INSURANCE COMPANY,
TRUMBULL INSURANCE COMPANY,
and
HARTFORD CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Twin City Fire Insurance Company, Trumbull Insurance Company, and Hartford 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 § 38.2-1906 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 One Thousand Dollars (\$1,000) for an amount totaling Three Thousand Dollars (\$3,000), waived their right to a hearing, and agreed to comply with the corrective action plan set forth in their letter to the Bureau dated October 27, 2015.

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-2015-00197
DECEMBER 18, 2015**

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Philadelphia Indemnity Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("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.

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 Two Thousand Dollars (\$2,000), waived its right to a hearing, agreed to comply with the corrective action plan set forth in its letters to the Bureau dated October 19, 2015 and November 4, 2015, and confirmed that restitution was made to eight consumers in the amount of Eight Hundred Two Dollars and Forty-six Cents (\$802.46).

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-2015-00199
DECEMBER 10, 2015**

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

v.

DAVID P. GIEGERICH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that David P. Giegerich ("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 State of Indiana and the State of Wisconsin, 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 October 28, 2015, 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 State of Indiana and the State of Wisconsin, and by providing untrue 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.
- (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-2015-00200
DECEMBER 11, 2015**

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

v.
JUAN MONSIVAIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Juan Monsivais ("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, 38.2-1826 C and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to make records available promptly upon request for examination by the Commission or its employees; by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri; and by providing incomplete or untrue information in the license application filed with the Commission.

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

The Defendant has been notified of his right to a hearing before the Commission in this matter by certified letter dated October 20, 2015, 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, 38.2-1826 C and 38.2-1831 (1) of the Code by failing to make records available promptly upon request for examination by the Commission or its employees; by failing to report to the Commission within 30 calendar days an administrative action that was taken against him by the State of Missouri; and by providing 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.
- (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-2015-00201
DECEMBER 10, 2015**

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

v.
CLIFFORD HANSEN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Clifford Hansen ("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 A and 38.2-1831 (1) of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed a change in his residence address, and by providing incomplete or untrue 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 October 28, 2015, 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 A and 38.2-1831 (1) of the Code 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, and by providing 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.
- (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.

DIVISION OF PUBLIC UTILITY ACCOUNTING

CASE NO. PUA-2000-00038
JULY 1, 2015

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER CAPITAL CORPORATION

For authority to enter into a financial services arrangement

DISMISSAL ORDER

By Order dated June 23, 2000, Virginia-American Water Company ("Virginia-American" or "Applicant") was authorized by the State Corporation Commission ("Commission") under Chapter 4 of Title 56 of the Code of Virginia ("Code") to enter into a financial services agreement ("FSA") with its affiliate, American Water Capital Corporation ("AWCC") for a two-year period ending June 30, 2002.¹ Virginia-American and AWCC are wholly owned subsidiaries of American Water Works Company, Inc. By Order dated June 28, 2002, the Commission authorized Virginia-American to continue participation in the FSA for an additional two years,² and that authority subsequently lapsed. The Applicant was required to file reports of action with respect to the authority granted by the Commission.

Applicant has subsequently received Commission authority for continued participation in the FSA with AWCC in Case Nos. PUE-2004-00074, PUE-2006-00057, PUE-2007-00116, PUE-2009-00120, PUE-2011-00118,³ PUE-2012-00121 and PUE-2014-00002. Reports of action were filed by the Applicant in each of these proceedings. Based on the reports filed by Virginia-American in these cases, the Staff Report and Company Response to the Staff Report, it appears that the Company inadvertently violated certain applicable statutes and Commission Orders related to the FSA.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that Virginia-American appears to have overlooked several Commission-ordered deadlines related to the FSA in the instant case. We are advised that many factors contributed to these apparent violations, but public service companies must comply with Commission orders and requirements contained in the Code. As such, Virginia-American must ensure that it has all necessary resources in place to maintain compliance with Commission orders and statutory requirements without fail, and the Company has pledged to do so into the future. This Order will put Virginia-American on notice that future lapses in compliance with our issued authority or statutory violations will be dealt with consistent with appropriate provisions of the Code and may result in fines as specified in those sections. No fines shall be imposed in the instant case.

Accordingly, IT IS ORDERED THAT, there appearing nothing further to be done, this matter hereby is dismissed, and removed from the Commission's docket of active cases.

¹ *Application of Virginia-American and AWCC, For authority to enter into a financial services agreement*, Case No. PUA-2000-00038, 2000 S.C.C. Ann. Rept. 202, Order Granting Authority (June 23, 2000), granted FSA authority through June 30, 2002.

² *Application of Virginia-American and AWCC, For authority to enter into a financial services agreement*, Case No. PUA-2000-00038, 2002 S.C.C. Ann. Rept. 158, Order Extending Authority Granted (June 28, 2002), extended the authorization period through June 30, 2004.

³ By Order dated December 21, 2011, in Case No. PUE-2011-00118, the Commission requested that its Staff investigate the Applicant's 2010 [affiliate financing] activities and file a report ("Staff Report") within 60 days. The Staff provided a copy of the Staff Report (D.C.C. No. 120320135) to Virginia-American, and on March 7, 2012, Applicants filed a reply ("Company Response") to the Staff Report (D.C.C. No. 120310159).

DIVISION OF COMMUNICATIONS

CASE NO. PUC-2011-00076 SEPTEMBER 16, 2015

APPLICATION OF
VERIZON VIRGINIA INC.
N/K/A VERIZON VIRGINIA LLC
and
RNK VA, LLC

For approval of an interconnection agreement

ORDER CLOSING CASE

On November 7, 2011, Verizon Virginia Inc. n/k/a Verizon Virginia LLC ("Verizon") filed, pursuant to 20 VAC 5-419-20 of the State Corporation Commission's ("Commission") Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252 ("Interconnection Rules"), 20 VAC 5-419-10 *et seq.*, a negotiated interconnection agreement between Verizon and RNK VA, LLC ("RNK"). The interconnection agreement was assigned Case No. PUC-2011-00076 and, by operation of 20 VAC 5-419-20 (4) of the Commission's Interconnection Rules, was deemed approved 90 days after filing.

On February 28, 2014, in Case No. PUC-2014-00007, the Commission granted RNK's request that the certificates of public convenience and necessity previously issued to it be canceled.¹ On August 11, 2015, Verizon filed with the Commission a notification of the termination of the interconnection agreement between Verizon and RNK stating, in part, that RNK is no longer doing business with Verizon.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that there is nothing further to be acted upon in the instant case and, therefore, the case should be closed.

Accordingly, IT IS ORDERED THAT:

- (1) Case No. PUC-2011-00076 is hereby closed.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ *Application of RNK VA, LLC, For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2014-00007, 2014 S.C.C. Ann. Rept. 215, Order Canceling Certificates (Feb. 28, 2014).

CASE NO. PUC-2014-00009 FEBRUARY 4, 2015

PETITION OF
DSCI HOLDINGS CORPORATION, *et al.*

For approval of a transfer of control and related transactions

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On October 9, 2014, DSCI Holdings Corporation ("DSCI"),¹ DSCI Corporation of Virginia, Inc. ("DSCI-VA"),² and McCarthy Partners, LLC ("McCarthy Partners") (collectively "Petitioners"),³ completed the filing of a petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),⁴ for approval of the transfer of control of DSCI-VA, which occurred on March 31, 2014. ("Petition"). The Petitioners also filed with the Commission a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

On March 31, 2014, DSCI completed a restructuring in which it: 1) created a wholly owned subsidiary, DSCI, LLC ("DSCI LLC"); 2) assigned all of its assets, including its ownership interest in DSCI-VA, to DSCI LLC; and 3) sold a minority interest in DSCI LLC to Investors I, and McCarthy

¹ Formerly known as DSCI Corporation.

² DSCI-VA provides competitive local exchange telecommunications services in the Commonwealth of Virginia pursuant to the certificate of public convenience and necessity issued by the Commission. *See Application of DSCI Corporation of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2008-00068, 2009 S.C.C. Ann. Rept. 220, Final Order (Apr. 7, 2009).

³ McCarthy DSCI Investors, LLC ("Investors I"), McCarthy Partners Management, LLC, McCarthy Capital Fund V, L.P., and McCarthy V GP, LLC, are also considered Petitioners and have provided the statutorily required verifications.

⁴ Va. Code § 56-88 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

DSCI Investors II, LLC ("Investors II") ("Transactions"). The Transactions resulted in the transferring of direct control over DSCI-VA to a new direct parent company, with a portion of ultimate control transferring from DSCI to Investors I, which, according to the Petitioners, is ultimately managed by McCarthy Partners.

The Petitioners represent that the Transactions allowed DSCI to strengthen its competitive position through a revised capitalization structure and allowed DSCI to leverage the experience, perspectives, and resources of Investors I and Investors II in order to accelerate the growth of its business. The Petitioners state that the Transactions were transparent to customers as DSCI-VA continues to provide the same communication services with no change in rates, terms, or conditions. Finally, the Petitioners assert that DSCI-VA will continue to be operated by its existing management and DSCI continues to hold a majority interest in DSCI-VA.

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 Transactions should be approved. We further find that the Petitioners' Motion is no longer necessary and should, therefore, be denied.⁵ However, we are concerned with the Petitioners' failure to obtain the necessary prior approval for the Transactions.

Section 56-88.1 of the Code provides, in part:

A. No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of . . . [a] telephone company, or all of the assets thereof, without the prior approval of the Commission....

B. Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

Whenever no fine or other penalty is specifically imposed by statute⁶ for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed \$5,000 in the case of an individual, and in the case of a business conducted by an entity other than an individual not to exceed \$10,000.

Therefore, the Petitioners are directed to file a response within ten (10) days of the date of the issuance of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code (or any applicable law) for failing to obtain prior approval of the Commission before acquiring and disposing of control of DSCI-VA.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners are hereby granted approval of the Transactions as described herein.
- (2) The Petitioners' Motion is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.
- (3) The Petitioners shall, either individually or jointly, file a response within ten (10) days of the date of issuance of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code.
- (4) This matter is continued pending further Order of the Commission.

⁵ The Commission held the Petitioners' Motion in abeyance. We note that the Commission has received no request for leave to review the confidential information contained in the confidential exhibits filed by the Petitioners in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

⁶ For example, § 56-91 of the Code provides for a fine of not more than \$1,000 for any company violating any provision of § 56-89 of the Code.

CASE NO. PUC-2014-00009
MARCH 19, 2015

PETITION OF
 DSCI HOLDINGS CORPORATION, *et al.*

For approval of a transfer of control and related transactions

FINAL ORDER

On October 9, 2014, DSCI Holdings Corporation ("DSCI"),¹ DSCI Corporation of Virginia, Inc. ("DSCI-VA"),² and McCarthy Partners, LLC ("McCarthy Partners") (collectively "Petitioners"),³ completed the filing of a petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),⁴ for approval of the transfer of control of DSCI-VA.

On March 31, 2014, DSCI completed a restructuring in which it: 1) created a wholly owned subsidiary, DSCI, LLC ("DSCI LLC"); 2) assigned all of its assets, including its ownership interest in DSCI-VA, to DSCI LLC; and 3) sold a minority interest in DSCI LLC to Investors I, and McCarthy DSCI Investors II, LLC ("Investors II") ("Transactions"). The Transactions resulted in the transferring of direct control over DSCI-VA to a new direct parent company, with a portion of ultimate control transferring from DSCI to Investors I, which, according to the Petitioners, is ultimately managed by McCarthy Partners.

On February 4, 2015, the Commission issued an Order Granting Approval and Directing Response,⁵ which (1) granted approval of the Transactions, and (2) directed the Petitioners to file a response stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code for failing to obtain prior approval of the Commission before completing the Transaction.

Section 56-88.1 of the Code provides, in part:

A. No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of: . . . [a] telephone company, or all of the assets thereof, without the prior approval of the Commission....

B. Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed \$5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed \$10,000.

On February 18, 2015, the Petitioners filed a response ("Response") asserting the reasons why the Petitioners should not be found in violation of § 56-88.1 of the Code for effecting the Transactions that transferred control of DSCI-VA without prior approval of the Commission. The Petitioners assert, in part, that they did not believe prior approval was required because the Federal Communications Commission only requires notice of this type of transfer, which the Petitioners provided; that the management and control of day-to-day operations of DSCI-VA were largely unchanged; and that a delay in closing would have necessitated restructuring the transaction and imposed substantial additional costs.

NOW THE COMMISSION, upon consideration of the applicable law and the Petitioners' Response, is of the opinion and finds that the Petitioners should be, and hereby are, found in violation of § 56-88.1 of the Code and fined Five Thousand Dollars (\$5,000) pursuant to § 12.1-13 of the Code. The Commission further finds that the fine, assessed jointly and severally upon the Petitioners, should be, and hereby is, suspended on the condition that the Petitioners, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

¹ Formerly known as DSCI Corporation.

² DSCI-VA provides competitive local exchange telecommunications services in the Commonwealth of Virginia pursuant to a certificate of public convenience and necessity issued by the Commission. *See Application of DSCI Corporation of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2008-00068, 2009 S.C.C. Ann. Rept. 220, Final Order (Apr. 7, 2009).

³ McCarthy DSCI Investors, LLC ("Investors I"), McCarthy Partners Management, LLC, McCarthy Capital Fund V, L.P., and McCarthy V GP, LLC, are also considered Petitioners and have provided the statutorily required verifications.

⁴ Va. Code § 56-88 *et seq.*

⁵ Doc. Con. Cen. No. 150210072.

Accordingly, IT IS ORDERED THAT:

- (1) The Petitioners hereby are assessed a fine of Five Thousand Dollars (\$5,000) pursuant to § 12.1-13 of the Code for violation of § 56-88.1 of the Code.
- (2) This fine is suspended on the condition that the Petitioners, either individually or collectively, do not violate § 56-88.1 of the Code in the future.
- (3) There being nothing further to come before the Commission, this matter is dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2014-00056
JANUARY 28, 2015**

APPLICATION OF
ONVOY, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On October 7, 2014, Onvoy, LLC ("Onvoy" or "Company"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). Onvoy 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.*, Onvoy filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

By Order for Notice and Comment dated October 23, 2014 ("Scheduling Order"), the Commission, among other things, directed Onvoy 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 December 4, 2014, Onvoy filed proof of service and proof of publication in accordance with the Scheduling Order.

On January 7, 2015, the Staff filed its Staff Report finding that Onvoy's Application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Onvoy's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Onvoy should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before January 20, 2015. Onvoy did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Onvoy Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Onvoy may price its interexchange telecommunications services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

- (1) Onvoy hereby is granted Certificate No. T-738 to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.
- (2) Onvoy hereby is granted Certificate No. TT-285A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.
- (3) Pursuant to § 56-481.1 of the Code, Onvoy may price its interexchange telecommunications services competitively.
- (4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Onvoy shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If the Company elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A 2.
- (5) Onvoy shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) This case hereby is dismissed.

¹ The Commission has not received a request to review the information that the Company designated as confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2014-00059
APRIL 29, 2015**

APPLICATION OF
VODAFONE AMERICAS VIRGINIA INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On January 15, 2015, Vodafone Americas Virginia Inc. ("Vodafone" or "Company") completed an application ("Application") with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). Vodafone 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.*, Vodafone filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application. On April 6, 2015, Vodafone filed notice of its election to be regulated as a competitive telephone company pursuant to Chapter 2.1 of Title 56 of the Code.¹

By Order for Notice and Comment dated January 23, 2015 ("Scheduling Order"), the Commission, among other things, directed Vodafone 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 March 25, 2015, Vodafone filed proof of service and proof of publication in accordance with the Scheduling Order.

On April 3, 2015, the Staff filed its Staff Report finding that Vodafone's Application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Vodafone's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Vodafone should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary. The Staff also advised that, if Vodafone filed notice of its election to be regulated as a competitive telephone company, upon the issuance of its Certificates, Vodafone would meet the definition of a competitive telephone company pursuant to § 56-54.2 of the Code and would be entitled to be regulated as such by operation of law.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before April 10, 2015. Vodafone did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Vodafone Certificates. Having considered § 56-481.1 of the Code, the Commission further finds that Vodafone may price its interexchange telecommunications services competitively. The Commission finds that pursuant to § 56-54.2 of the Code, Vodafone is eligible to elect to be regulated as a competitive telephone company and that such election, pursuant to § 56-54.3 of the Code, becomes effective on the date of this Final Order. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

(1) Vodafone hereby is granted Certificate No. T-739 to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.

(2) Vodafone hereby is granted Certificate No. TT-286A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Vodafone may price its interexchange telecommunications services competitively.

(4) Vodafone shall be regulated as a competitive telephone company pursuant to the provisions of § 56-54.2 *et seq.* of the Code.

(5) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, the Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Vodafone elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A.

(6) Vodafone shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(7) This case hereby is dismissed.

¹ During the 2014 Session, the Virginia General Assembly enacted Chapter 2.1 (§ 56-54.2 *et seq.*) of Title 56 of the Code, which became effective July 1, 2014. *See* 2014 Va. Acts ch. 340 and ch. 376.

² The Commission has not received a request to review the information that the Company designated as confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2014-00062
MARCH 19, 2015**

JOINT APPLICATION OF
SUMMIT INFRASTRUCTURE GROUP, LLC,
SUMMITIG, LLC,
and
SUMMIT INFRASTRUCTURE GROUP, INC.

For approval of the transfer of control of Summit Infrastructure Group, LLC, to Summit Infrastructure Group, Inc., and approval of the transfer of certain assets from SummitIG, LLC, to Summit Infrastructure Group, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On January 23, 2015, Summit Infrastructure Group, LLC ("Summit LLC"), SummitIG, LLC ("SummitIG"),¹ and Summit Infrastructure Group, Inc. ("Summit Inc.") (collectively, "Applicants"),² completed the filing of a joint application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),³ for approval of the transfer of control of Summit LLC to Summit Inc., and for approval of the transfer of certain assets from SummitIG to Summit LLC ("Joint Application"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Joint Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The Applicants request approval of a transaction whereby Summit Inc. will purchase all of the equity ownership interest in Summit LLC from its current owners ("Proposed Transaction"). As a result of the Proposed Transaction, Summit LLC will become a wholly owned direct subsidiary of Summit Inc., and indirect control will transfer to Columbia as the majority owner of Summit Inc.⁴

Applicants assert that Summit LLC will continue to provide service to its customers under the same name and with the same terms and conditions of service, but with enhanced operational and economic efficiencies resulting from the reorganization. Applicants state that the management team that currently operates Summit Inc. and SummitIG will remain intact and operate Summit LLC. Applicants assert that the management will be enhanced by guidance available from Columbia. The Joint Application includes a description of Summit Inc.'s leadership team and its most recent 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 Proposed Transaction described herein should be approved. The Commission also finds that the Applicants' request for the transfer of assets from SummitIG to Summit LLC does not require Commission approval under the Transfers Act. Finally, the Commission finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁵

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Proposed Transaction as described herein.
- (2) The Applicants shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Proposed Transaction, which shall note the date of completion of the Proposed Transaction.
- (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 from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ Summit LLC and SummitIG are both authorized to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia pursuant to their certificates of public convenience and necessity issued by the Commission. See *Application of Summit Infrastructure Group, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00066, 2013 S.C.C. Ann. Rept. 192, Final Order (Feb. 14, 2013); and *Application of SIG Acquisition Company, LLC, For cancellation and reissuance of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change*, Case No. PUC-2014-00006, Doc. Con. Cen. No. 140320085, Order Reissuing Certificates (Mar. 21, 2014).

² Phillip Staples, Craig Ellis, Charles W. Cook, Jr., and Columbia Capital V, LLC ("Columbia"), also are considered Applicants and have provided the statutorily required verifications.

³ Va. Code § 56-88 *et seq.* ("Transfers Act").

⁴ The Proposed Transaction will not result in a change of control of SummitIG.

⁵ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2014-00063
JANUARY 15, 2015**

PETITION OF
DECLARATION NETWORKS GROUP, INC.

In re: designation as an Eligible Telecommunications Carrier pursuant to 47 U.S.C. § 214(e).

ORDER

On December 30, 2014, Declaration Networks Group, Inc. ("Declaration" or "Company"), filed with the State Corporation Commission ("Commission") a request ("Request") for a determination as to whether the Commission will assert jurisdiction over Declaration to designate it as an Eligible Telecommunications Carrier ("ETC") pursuant to 47 U.S.C. § 214(e).

In its Request, Declaration states that the Federal Communications Commission ("FCC") has provisionally awarded funds to the Company for the expansion of broadband services under the FCC's Rural Broadband Experiments program.¹ Declaration states that it must obtain ETC status within ninety days as part of the provisional award. The Company notes that pursuant to the applicable federal statutes, the designation of a carrier as an ETC is made by the state commission, except where the carrier is not subject to the jurisdiction of the state commission.² Declaration asserts that it provides services through a combination of wireless and Voice-over-Internet Protocol ("VoIP") technology and, therefore, believes that the Commission may decline to exercise jurisdiction over it for purposes of making an ETC designation. In its Request, Declaration cites a Commission case in which a provider of wireless service requested designation as an ETC.³ In its Order, the Commission found that this service provider should request the FCC to grant ETC designation pursuant to 47 U.S.C. § 214(e)(6). Declaration also notes that the Commission's authority over VoIP is limited by state statute.⁴

NOW THE COMMISSION, upon consideration of the representations Declaration made in its Request and of the applicable law, is of the opinion and finds that, as the Commission has not asserted jurisdiction over service providers such as Declaration, 47 U.S.C. § 214(e)(6) is applicable to Declaration's request for ETC designation, and the Company should make its request to the FCC to be designated as an ETC.

Accordingly, IT IS ORDERED THAT, there appearing nothing further to come before the Commission in this matter, this case is hereby dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ *Wireline Competition Bureau Announces Entities Provisionally Selected for Rural Broadband Experiments; Sets Deadlines for Submission of Additional Information*, WC Docket No. 10-90, Public Notice, DA 14-1772 (Dec. 5, 2014).

² See 47 U.S.C. § 214(e)(2) and (6).

³ See *Commonwealth of Virginia, ex rel, At the relation of the State Corporation Commission, Ex Parte, in re: Implementation of Requirements of § 214(e) of the Telecommunications Act of 1996*, Case No. PUC-1997-00135; *In re: Application of Virginia Cellular LLC, For designation as an eligible telecommunications provider under 47 U.S.C. § 214(e)(2)*, Case No. PUC-2001-00263, 2002 S.C.C. Ann. Rept. 208, Order (Apr. 9, 2002), a copy of which is attached to the Company's Request as Exhibit A.

⁴ Section 56-1.3 of the Code of Virginia provides in part that "[t]he Commission shall not have jurisdiction with respect to the regulation of Voice-over-Internet protocol service, including but not limited to the imposition of regulatory fees, certification requirements, and the filing or approval of tariffs."

**CASE NO. PUC-2015-00001
FEBRUARY 18, 2015**

JOINT APPLICATION OF
APPARENT WIND, INC.,
FIBER ROADS, LLC,
and
TING FIBER, INC.

For approval of a series of transactions affecting the ownership of Fiber Roads, LLC

ORDER GRANTING APPROVAL

On January 23, 2015, Apparent Wind, Inc. ("AWI"), Fiber Roads, LLC ("Fiber Roads"),¹ and Ting Fiber, Inc. ("TFI") (collectively, "Applicants"),² completed the filing of a joint application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,

¹ Fiber Roads, a wholly owned subsidiary of AWI, currently provides local exchange telecommunications services in the Commonwealth of Virginia pursuant to the certificate of public convenience and necessity previously issued by the Commission. See *Application of Fiber Roads, LLC, For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2009-00061, 2010 S.C.C. Ann. Rept. 226, Final Order (Jan. 28, 2010).

² Jeffrey W. Cornejo, William B. Fooks, and Tucows, Inc. ("Tucows"), are also considered Applicants and have provided the statutorily required verifications.

Chapter 5 of Title 56 of the Code of Virginia ("Code"),³ for approval of a series of transactions affecting the ownership of Fiber Roads ("Joint Application"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Joint Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The Applicants request approval of a series of transactions in which direct control of Fiber Roads will transfer from AWI to Ting Virginia, LLC ("TVL"), a to-be-organized Virginia company, and TFI will acquire a majority interest in TVL and, thereby, control over Fiber Roads ("Transactions"). As a result of the Transactions, Fiber Roads will be an indirect subsidiary of TFI and, ultimately, TFI's corporate parent, Tucows.

Applicants assert that Fiber Roads will continue to provide service to its customers under the same name and will continue to have the financial, managerial, and technical qualifications to provide such services. Applicants state that current technical and management personnel of Fiber Roads will oversee company operations along with the management and financial personnel of TFI. The Joint Application includes a description of TFI's and Tucows' leadership team and provides financial statements for Tucows.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Transactions described herein should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁴

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Transactions as described herein.
- (2) The Applicants shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the Transactions, which shall note the date of completion of the Transactions.
- (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 from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

³ Va. Code § 56-88 *et seq.*

⁴ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2015-00002
FEBRUARY 24, 2015**

APPLICATION OF
LIGHTOWER 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

ORDER REISSUING CERTIFICATES

On January 7, 2015, Lightower Fiber Networks II, LLC ("Lightower"), filed an application with the State Corporation Commission ("Commission") requesting that its certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia be amended to reflect a name change ("Application"). In its Application, Lightower, formerly known as Sidera Networks, LLC ("Sidera"), provided proof of its legal name change.¹

NOW THE COMMISSION, upon consideration of the Application and applicable law, is of the opinion and finds that it should cancel the existing Certificates in the name of Sidera and reissue the Certificates in the name of Lightower.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2015-00002.
- (2) Certificate No. T-672a to provide local exchange telecommunications services in the Commonwealth of Virginia previously issued to Sidera is cancelled and reissued as Certificate No. T-672b in the name of Lightower.
- (3) Certificate No. TT-237B to provide interexchange telecommunications services in the Commonwealth of Virginia previously issued to Sidera is cancelled and reissued as Certificate No. TT-237C in the name of Lightower.

¹ Lightower also provided to the Commission's Division of Communications a Change Rider in the name of Lightower Fiber Networks II, LLC, to update its bond on file with the Commission.

(4) If the Company is providing retail services on a non-tariffed basis, Lighttower shall provide to the Commission's Division of Communications revised link information pursuant to Rule 20 VAC 5-417-50 A within fifteen (15) days of the date of this Order.

(5) This case hereby is dismissed.

**CASE NO. PUC-2015-00004
FEBRUARY 9, 2015**

APPLICATION OF
GC PIVOTAL, LLC
D/B/A GLOBAL CAPACITY
and
MEGAPATH CORPORATION

For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services and any associated tariffs

ORDER CANCELLING CERTIFICATES

On January 26, 2015, GC Pivotal, LLC d/b/a Global Capacity ("Global Capacity") and MegaPath, LLC ("MegaPath"), filed a letter with the State Corporation Commission ("Commission") requesting cancellation of MegaPath's certificates of public convenience and necessity ("Certificates") for the provision of local exchange telecommunications services (No. T-410a) and interexchange telecommunications services (No. TT-50B) previously issued pursuant to the Commission's Order Amending Certificates in Case No. PUC-2012-00075.¹ Global Capacity represents that MegaPath will no longer provide telecommunications services in Virginia as a result of a transfer of certain network assets and certain network customers from MegaPath to Global Capacity.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should cancel Certificate Nos. T-410a and TT-50B issued to MegaPath and any associated tariffs.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUC-2015-00004.

(2) Certificate No. T-410a issued to MegaPath to provide local telecommunications services in the Commonwealth of Virginia and any associated tariffs hereby are cancelled.

(3) Certificate No. TT-50B issued to MegaPath to provide interexchange telecommunications services in the Commonwealth of Virginia and any associated tariffs hereby are cancelled.

(4) This case hereby is dismissed.

¹ *Application of DIECA Communications, Inc., For amended and reissued certificates of public convenience and necessity to reflect a new corporate name*, Case No. PUC-2012-00075, 2013 S.C.C. Ann. Rept. 193, Order Amending Certificates (Jan. 25, 2013). MegaPath was formerly known as DIECA Communications, Inc.

**CASE NO. PUC-2015-00008
MAY 6, 2015**

PETITION OF
WATERFORD TELEPHONE COMPANY

For waiver or modification of a bond requirement

FINAL ORDER

Waterford Telephone Company ("Waterford" or "Company") filed with the State Corporation Commission ("Commission") on February 10, 2015, a request for a waiver of the requirement to maintain a bond in the amount of \$50,000 in accordance with 20 VAC 5-417-20 of the Commission's Rules Governing Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Commission's Final Order granting Waterford a certificate of public convenience and necessity ("Certificate") in Case No. PUC-2011-00067.¹ Waterford asked the Commission to remove the requirement that the Company maintain a bond or, in the alternative, reduce the size of the bond required.

In support of its request, Waterford stated in part that the Company presently holds a Certificate in order to enter into an interconnection agreement with Verizon Virginia LLC ("Verizon") so that it may purchase Verizon products it uses to provide digital subscriber line ("DSL") services to its

¹ *Application of Waterford Telephone Company, For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2011-00067, 2012 S.C.C. Ann. Rept. 173, Final Order (Feb. 24, 2012).

customers. Waterford represented that it provides only DSL services; takes no deposits from its customers; and has no plans to offer traditional voice telephony in the three wire centers in Virginia covered by its Certificate. Finally, the Company asserted that the standard bond requirement of \$50,000 is excessive for Waterford at this time given the Company's current annual revenues and the limited service area in which it operates.

On March 9, 2015, the Commission entered a Procedural Order² that docketed the petition; provided interested persons an opportunity to comment and request a hearing on Waterford's petition; and directed the Staff of the Commission ("Staff") to file comments on the issues associated with Waterford's petition.

On April 8, 2015, the Staff filed comments ("Staff Comments") on Waterford's petition, stating in part that a reduced bond amount, subject to certain conditions, would be a reasonable option considering Waterford's limited service territory. As Waterford's certificated service territory is limited to three telephone exchanges, the Staff recommended a bond in the amount of \$5,000. The Staff further recommended that the following conditions be implemented if the Commission grants Waterford a reduced bond amount:

(1) The reduced bond amount should relate only to the current service exchanges of Mt. Gilead, Catoclin, and Bluemont located in western Loudoun County granted in Case No. PUC-2011-00067.

(2) Any request by Waterford for expansion of its current service territory will also require a review of the continuation and/or appropriateness of the reduced bond amount.

(3) The Company should continue to be subject to all other restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, the provisions of the Final Order in Case No. PUC-2011-00067, and any order issued in this case.

(4) Waterford should notify the Division of Communications ("Division") no less than thirty (30) days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. Failure to notify the Division or provide a replacement bond at that time will be grounds for determining that the limited waiver provided to Waterford be withdrawn and that the higher bond requirement be reinstated.

On April 15, 2015, Waterford filed its response to the Staff Comments.³ Waterford agreed to the recommended \$5,000 bond and stated that the Company would adhere to the four conditions stated above if the reduced bond amount is granted by the Commission.

NOW THE COMMISSION, upon consideration of the filing herein, is of the opinion and finds that Waterford's request for a reduced bond amount should be granted subject to the conditions recommended by the Staff.

Accordingly, IT IS ORDERED THAT:

(1) Waterford shall provide a performance or surety bond in the amount of Five Thousand Dollars (\$5,000) in the form to be prescribed by the Staff to replace the \$50,000 bond presently held by the Division. This replacement bond shall be provided to the Division on or before the expiration of the current \$50,000 bond, which is due to expire on June 5, 2015.

(2) The \$5,000 bond shall relate only to the current service exchanges of Mt. Gilead, Catoclin, and Bluemont located in western Loudoun County granted in Case No. PUC-2011-00067.

(3) Any request by Waterford for expansion of its current service territory shall require a review of the continuation and/or appropriateness of the reduced bond amount.

(4) The Company shall continue to be subject to all other restrictions set forth in the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code of Virginia, the provisions of the Final Order in Case No. PUC-2011-00067, and this Final Order.

(5) Waterford shall notify the Division no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. Failure to notify the Division or provide a replacement bond at that time will be grounds for determining that the limited waiver provided to Waterford be withdrawn and that the higher bond requirement be reinstated.

(6) There being nothing further to come before the Commission, 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.

² Doc. Con. Cen. No. 150310162.

³ No comments or requests for hearing were filed by interested persons.

CASE NO. PUC-2015-00009
MARCH 30, 2015

PETITION OF
CYPRESS COMMUNICATIONS HOLDING COMPANY OF VIRGINIA, LLC

For authority to cease operations and discontinue telecommunications services in the Commonwealth of Virginia

ORDER PERMITTING DISCONTINUANCE OF SERVICES
AND CANCELLING CERTIFICATES

On February 13, 2015, Cypress Communications Holding Company of Virginia, LLC ("Cypress" or "Company"), filed a petition with the State Corporation Commission ("Commission") requesting to discontinue its provision of telecommunications services and the cancellation of its certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia, effective April 1, 2015 ("Petition"). In its Petition, the Company represents that changing market conditions require Cypress to cease its operations and that it has only 18 business customers in the Commonwealth of Virginia and no residential customers. Cypress further states that it has notified these customers and will assist them in finding a new provider.¹

In 2002, the Commission granted Cypress Certificate No. T-590 to provide local exchange telecommunications services and Certificate No. TT-181A to provide interexchange telecommunications services.² In this Petition, Cypress requests that the Commission cancel these Certificates.

Pursuant to 20 VAC 5-411-40 of the Commission's Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* ("IXC Rules"), Cypress cannot "abandon or discontinue service . . . except with the approval of the commission, and under the terms and conditions as the commission may prescribe." Additionally, the Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, 20 VAC 5-423-10 *et seq.* ("Discontinuance Rules"), require competitive local exchange carriers to file a formal petition for authority to cease local exchange operations and discontinue service and to provide at least 30 days' written notice to its customers. The Commission's primary concern with authorizing discontinuance is that adequate customer notice be given. Cypress's Petition complies with the IXC Rules and the Discontinuance Rules.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that it should grant Cypress's requested discontinuance of local exchange and interexchange telecommunications services and cancel Cypress's Certificates.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2015-00009.
- (2) Cypress hereby is granted authority to discontinue its provision of local exchange and interexchange telecommunications services in Virginia, effective April 1, 2015.
- (3) Certificate No. T-590 and Certificate No. TT-181A, and any associated tariffs, hereby are cancelled, effective April 1, 2015.
- (4) This case hereby is dismissed.

¹ At the request of the Commission's Division of Communications, Cypress provided a second notice to its customers on or about February 27, 2015.

² See *Application of Cypress Communications Holding Company of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2002-00104, 2002 S.C.C. Ann. Rept. 309, Final Order (Sept. 3, 2002).

CASE NO. PUC-2015-00012
OCTOBER 5, 2015

APPLICATION OF
RCVA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On June 30, 2015, RCVA, Inc. ("RCVA" 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"). RCVA also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code").

By Order for Notice and Comment dated July 14, 2015 ("Scheduling Order"), the Commission, among other things, directed RCVA 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"). In accordance with the Scheduling Order, RCVA filed proof of service and proof of publication on August 17, 2015.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 16, 2015, the Staff filed its Staff Report finding that RCVA'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 RCVA's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: RCVA should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before September 23, 2015. RCVA did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant RCVA Certificates.

Accordingly, IT IS ORDERED THAT:

- (1) RCVA hereby is granted Certificate No. T-742 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 Order.
- (2) RCVA hereby is granted Certificate No. TT-288A to provide interexchange telecommunications services subject to the restrictions set forth in the Interexchange Rules, § 56-265.4:4 of the Code, and the provisions of this Order.
- (3) Pursuant to § 56-481.1 of the Code, RCVA may price its interexchange telecommunications services competitively.
- (4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, the Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If RCVA elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A.
- (5) RCVA shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.
- (6) This case hereby is dismissed, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2015-00013
JUNE 26, 2015**

APPLICATION OF
SUNSET FIBER, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On March 10, 2015, Sunset Fiber, LLC ("Sunset" or "Company"), filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("Certificate") to provide local exchange telecommunications services throughout the Commonwealth of Virginia ("Application"). In accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, Sunset filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

By Order for Notice and Comment dated March 30, 2015 ("Scheduling Order"), the Commission, among other things, directed Sunset 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"). In accordance with the Scheduling Order, Sunset filed proof of service on April 28, 2015, and proof of publication on May 1, 2015.

On June 3, 2015, the Staff filed its Staff Report finding that Sunset's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Rules"), 20 VAC 5-417-10 *et seq.* Based upon its review of Sunset's Application, the Staff determined it would be appropriate to grant the Company a Certificate subject to the following condition: Sunset should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before June 10, 2015. Sunset did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Sunset a Certificate. The Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

¹ The Commission has not received a request to review the information that the Company designated as 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.

Accordingly, IT IS ORDERED THAT:

(1) Sunset hereby is granted Certificate No. T-740 to provide local exchange telecommunications services subject to the restrictions set forth in the Rules, § 56-265.4:4 of the Code, and the provisions of this Order.

(2) Prior to providing telecommunications services pursuant to the Certificate granted by this Order, the Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Sunset elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A.

(3) Sunset shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) This case hereby is dismissed.

**CASE NO. PUC-2015-00016
JUNE 17, 2015**

JOINT APPLICATION OF
CROWN CASTLE INTERNATIONAL CORP.,
CROWN CASTLE NG ATLANTIC LLC,
INSITE FIBER OF VIRGINIA, LLC,
NEWPATH NETWORKS, LLC,
and
24/7 MID-ATLANTIC NETWORK OF VIRGINIA, LLC

For approval of a pro forma change in indirect ownership pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL AND DIRECTING RESPONSE

On April 9, 2015, Crown Castle International Corp. (formerly Crown Castle REIT, Inc. ("REIT-Parent")), Crown Castle NG Atlantic LLC ("CCNG"), InSITE Fiber of Virginia, LLC ("InSITE"), NewPath Networks, LLC ("NewPath"), and 24/7 Mid-Atlantic Network of Virginia, LLC ("24/7") (collectively, "Applicants") (CCNG, InSITE, NewPath, and 24/7 collectively, "VA Entities"), filed a joint application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ for approval of an out of time pro forma change in indirect ownership of the VA Entities, which occurred in connection with the conversion of the VA Entities' prior ultimate parent company that was also named Crown Castle International Corp. ("Predecessor-CCIC"), into a publicly held real estate investment trust ("REIT Transaction").² The REIT Transaction was completed on December 15, 2014.

The Applicants represent that the REIT Transaction, and the resulting pro forma change in indirect control of the VA Entities, was entirely transparent to the VA Entities' customers and did not result in any change in their services. The Applicants further represent that the VA Entities retained the financial, managerial, and technical resources to provide telecommunications services in Virginia.

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 pro forma change in indirect ownership of the VA Entities should be approved. However, we are concerned with the Applicants' failure to obtain the necessary prior approval for the change in indirect ownership of the VA Entities.

Section 56-88.1 of the Code provides, in part:

(A) No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of: . . . [a] telephone company, or all of the assets thereof, without the prior approval of the Commission. . . .

(B) Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

Whenever no fine or other penalty is specifically imposed by statute³ for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid

¹ Va. Code § 56-88 *et seq.*

² The REIT Transaction occurred as follows: (1) REIT-Parent was formed as a direct wholly owned subsidiary of the VA Entities' prior ultimate parent, Predecessor-CCIC; and then (2) REIT-Parent merged with and into Predecessor-CCIC, whereupon the separate existence of Predecessor-CCIC ceased and REIT-Parent was the surviving entity. Subsequently, the corporate name of REIT-Parent was then changed back to the name Crown Castle International Corp.

³ For example, § 56-91 of the Code provides for a fine of not more than \$1,000 for any company violating any provision of § 56-89 of the Code.

rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed \$5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed \$10,000.

Therefore, the Applicants are directed to file a response within ten (10) days of the date of the issuance of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code (or any applicable law) for failing to obtain prior approval of the Commission for the change in indirect ownership of the VA Entities.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants are hereby granted approval of the pro forma change in indirect ownership of the VA Entities.
- (2) The Applicants shall, either individually or jointly, file a response within ten (10) days of the date of the issuance of this Order stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code.
- (3) This matter is continued pending further order of the Commission.

**CASE NO. PUC-2015-00016
JULY 6, 2015**

JOINT APPLICATION OF
CROWN CASTLE INTERNATIONAL CORP.,
CROWN CASTLE NG ATLANTIC LLC,
INSITE FIBER OF VIRGINIA, LLC,
NEWPATH NETWORKS, LLC,
and
24/7 MID-ATLANTIC NETWORK OF VIRGINIA, LLC

For approval of a pro forma change in indirect ownership pursuant to Va. Code § 56-88 *et seq.*

FINAL ORDER

On April 9, 2015, Crown Castle International Corp., Crown Castle NG Atlantic LLC ("CCNG"), InSITE Fiber of Virginia, LLC ("InSITE"), NewPath Networks, LLC ("NewPath"), and 24/7 Mid-Atlantic Network of Virginia, LLC ("24/7") (collectively, "Applicants") (CCNG, InSITE, NewPath, and 24/7 collectively, "VA Entities"), filed a joint application with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ for approval of an out of time pro forma change in indirect ownership of the VA Entities, which occurred in connection with the conversion of the VA Entities' prior ultimate parent company into a publicly held real estate investment trust ("REIT Transaction"). The REIT Transaction was completed on December 15, 2014.

On June 17, 2015, the Commission issued an Order Granting Approval and Directing Response,² which (1) granted approval of the REIT Transaction, and (2) directed the Applicants to file a response stating why they should not be found in violation of § 56-88.1 of the Code and fined pursuant to § 12.1-13 of the Code for failing to obtain prior approval of the Commission before completing the REIT Transaction.

Section 56-88.1 of the Code provides, in part:

- (A) No person, whether acting alone or in concert with others, shall, directly or indirectly, acquire or dispose of control of: . . . [a] telephone company, or all of the assets thereof, without the prior approval of the Commission....
- (B) Any such acquisition or disposition of control without prior approval shall be voidable by the Commission. In addition, the Commission is authorized to revoke any certificate of public convenience and necessity it has issued, order compliance with this chapter, or take such other action as may be appropriate within the authority of the Commission.

Section 12.1-13 of the Code provides, in part:

Whenever no fine or other penalty is specifically imposed by statute for the failure of any such individual or business conducted by any entity other than an individual to comply with any provision of law or with any valid rule, regulation, or order of the Commission, the Commission may impose and collect from such individual or business conducted by any entity other than an individual a fine in an amount not to exceed \$5,000 in the case of an individual, and in the case of a business conducted by any entity other than an individual not to exceed \$10,000.

¹ Va. Code § 56-88 *et seq.*

² Doc. Con. Cen. No. 150620243.

On June 25, 2015, the Applicants filed a response ("Response") asserting the reasons why the Applicants should not be found in violation of § 56-88.1 of the Code for effecting the REIT Transaction that transferred control of the VA Entities without prior approval of the Commission. The Applicants stated, in part, that they were not aware that a pro forma restructuring like the REIT Transaction required prior Commission approval; took immediate steps to seek Commission approval upon learning of the requirement; regret completing the REIT Transaction without obtaining Commission approval; and have established comprehensive internal procedures to ensure similar oversights do not happen again. Furthermore, the Applicants assert that as the restructuring did not change the ultimate working control of the VA Entities and was transparent to customers in Virginia, a sanction for such a violation would not be warranted under the circumstances arising in this proceeding. Alternatively, the Applicants request that if the Commission determines that a fine should be assessed, that such fine be minimal and suspended on the condition that the Applicants not violate § 56-88.1 of the Code in the future.

NOW THE COMMISSION, upon consideration of the applicable law and the Response of the Applicants, is of the opinion and finds that the Applicants should be, and hereby are, found in violation of § 56-88.1 of the Code and fined Five Thousand Dollars (\$5,000) pursuant to § 12.1-13 of the Code. The Commission further finds that the fine, assessed jointly and severally upon the Applicants, should be, and hereby is, suspended on the condition that the Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants hereby are assessed a fine of Five Thousand Dollars (\$5,000) pursuant to § 12.1-13 of the Code for violation of § 56.88.1 of the Code.

(2) This fine is suspended on the condition that the Applicants, either individually or collectively, do not violate § 56-88.1 of the Code in the future.

(3) There being nothing further to come before the Commission, this matter is dismissed from the Commission's docket of active proceedings, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2015-00018
JUNE 3, 2015**

JOINT APPLICATION OF
AT&T INC.,
TELEPORT COMMUNICATIONS GROUP, INC.,
and
TELEPORT COMMUNICATIONS AMERICA, LLC

For approval of intra-corporate transactions

ORDER GRANTING APPROVAL

On April 15, 2015, AT&T Inc. ("AT&T"), Teleport Communications Group, Inc. ("TCGI"), and Teleport Communications America, LLC ("TCAL") (collectively "Applicants") filed a joint application with the State Corporation Commission ("Commission") for approval, pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ of a series of intra-corporate transactions under which, among other things, TCAL² will become a direct subsidiary of AT&T ("Joint Application").

The Applicants represent that AT&T is seeking to reduce the complexity of its corporate structure by dissolving TCGI and transferring TCGI's subsidiaries, including TCAL, to AT&T. According to the Joint Application, the proposed transactions are internal to AT&T and will not change the ultimate ownership or control of assets, liabilities, or operations of TCAL. The Applicants represent that TCAL will retain the same financial, managerial, and technical resources that currently are being used to provide regulated services. Finally, the Applicants state that the proposed transactions will be transparent to TCAL's customers because the name of the customer-serving company will remain the same and the same personnel who manage these services will continue to do so with no change in the network assets used.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed transactions described herein should be approved.

¹ Va. Code § 56-88 *et seq.*

² TCAL is authorized to provide local exchange telecommunications services (Certificate No. T-723) and interexchange telecommunications services (Certificate No. TT-272A) in Virginia. See *Application of Teleport Communications America, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia*, Case No. PUC-2012-00063, 2012 S.C.C. Ann. Rept. 207, Final Order (Dec. 14, 2012).

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the proposed transactions as described herein.
- (2) The Applicants shall file a Report of Action with the Commission in its Document Control Center within thirty (30) days after completion of the proposed transactions, which shall include the date the transactions take place.
- (3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2015-00021
MAY 7, 2015**

PETITION OF
CORETEL VIRGINIA, LLC

For preliminary injunction

DISMISSAL ORDER

On April 23, 2015, CoreTel Virginia, LLC ("CoreTel"), filed with the State Corporation Commission ("Commission") a petition for preliminary injunction ("Petition") against Verizon Virginia LLC and Verizon South Inc. (collectively, "Verizon") to enjoin Verizon's termination of the parties' interconnection agreements ("ICAs") pending a resolution of their dispute through the Commission's alternative dispute resolution process ("ADRP").¹

CoreTel asserted that this Petition stems from the notices² filed by Verizon in Case No. PUC-2015-00014 documenting that Verizon plans to terminate the ICAs and associated local interconnection with CoreTel on May 11, 2015, if CoreTel does not pay \$106,740.51 to Verizon.³ CoreTel stated that it submitted on April 1, 2015, pursuant to 20 VAC 5-405-20 of the ADRP Rules, a notice of intention to file an alternative dispute resolution petition. CoreTel asserted in part that any money owed to Verizon would be money due to Verizon interexchange carrier affiliates for a refund of switched access charges and is not due to Verizon under the ICAs.⁴ CoreTel stated that it is invoking the Commission's ADRP through which it seeks a finding that pursuant to the terms of the ICAs, Verizon may not terminate the ICAs for an amount due that does not arise under the ICAs.⁵ Finally, CoreTel notes that pursuant to 20 VAC 5-405-20 of the ADRP Rules, May 4, 2015, is the first date when CoreTel may file its ADRP petition.⁶

For the reasons set forth in its filing, CoreTel asked the Commission to issue a preliminary injunction barring Verizon from terminating interconnection with CoreTel pending resolution of the ICAs interpretation issue under the Commission's ADRP Rules. Also, given the proximity to the May 11, 2015, termination date noticed by Verizon, CoreTel requested expedited consideration of its Petition and proposed a compacted procedural schedule.

On April 27, 2015, the Commission issued a Preliminary Order which, inter alia, adopted a procedural schedule for the filing by Verizon of a response to CoreTel's Petition, and for the filing by CoreTel of a reply to the Verizon response.

On May 1, 2015, Verizon filed its response to CoreTel's Petition ("Verizon's Response"). Verizon asserted that the Commission should dismiss CoreTel's Petition as it did when CoreTel sought a preliminary injunction based on the same dispute in 2012,⁷ or in the alternative, deny the Petition on the merits.⁸ Verizon asserted in part that the Petition arises from the same dispute over payments related to the ICAs between CoreTel and Verizon that the Commission dismissed without prejudice in 2012,⁹ was argued in United States District Court,¹⁰ appealed to the United States Court of Appeals,¹¹ was

¹ Commission's Rules for Alternative Dispute Resolution Process ("ADRP Rules"), 20 VAC 5-405-10 *et seq.*

² *Verizon Virginia LLC & Verizon South Inc., Notification of planned disconnection of service to CoreTel Virginia, LLC for nonpayment of charges*, Case No. PUC-2015-00014, Doc. Con. Cen. Nos. 150310273, 150410004, Notices (Mar. 12, 2015 and Apr. 1, 2015).

³ Petition at 1.

⁴ *Id.* at 1-2, 6-7.

⁵ *Id.* at 2-4.

⁶ *Id.* at 2. (CoreTel filed an ADRP petition on May 5, 2015. See *Alternative Dispute Resolution Petition: CoreTel Virginia, LLC, v. Verizon Virginia LLC, Verizon South Inc.*, Case No. PUC-2015-00025, Doc. Con. Cen. No. 150520001 (May 5, 2015)).

⁷ See *Petition of CoreTel Virginia, LLC, For resolution of billing issues with Verizon Virginia LLC and Verizon South Inc.*, Case No. PUC-2012-00033, 2012 S.C.C. Ann. Rept. 196, Dismissal Order (June 27, 2012).

⁸ Verizon's Response at 1.

⁹ *Id.* at 1-2, 6-7 (citing *Petition of CoreTel Virginia, LLC, For resolution of billing issues with Verizon Virginia LLC and Verizon South Inc.*, Case No. PUC-2012-00033, 2012 S.C.C. Ann. Rept. 196, Dismissal Order (June 27, 2012)).

¹⁰ Verizon's Response at 2-3 and exhibits C & D (referencing and providing *CoreTel Va., LLC, v. Verizon Virginia LLC, et al.*, Civil Action No. 1:12-cv-741, Memorandum Opinion (E.D. Va. Apr. 22, 2013); *CoreTel Va., LLC, v. Verizon Virginia LLC, et al.*, Civil Action No. 1:12-cv-741, Final Judgment (E.D. Va. May 10, 2013)).

reheard on remand by the trial court,¹² and is still subject to a second appeal pending before the 4th Circuit.¹³ Verizon also stated that as the matter is on appeal, CoreTel may by rule effect a stay of the judgment by posting an appeal bond.¹⁴ Further, Verizon argued that a temporary injunction should not be granted to CoreTel, asserting in part that CoreTel, in framing its argument for Commission action, has improperly applied amounts awarded to CoreTel or withheld by Verizon solely to amounts awarded to Verizon for entrance facilities charges under the ICAs in order to argue that charges for switched access is all that is due to Verizon.¹⁵ Instead, Verizon argued that there is a net judgment due to Verizon encompassing all aspects of the dispute.¹⁶

On May 4, 2015, CoreTel filed its reply to Verizon's Response ("CoreTel's Reply"). For the reasons set forth therein, CoreTel asked that the Commission grant a preliminary injunction barring termination of its ICAs with Verizon pending resolution under the Commission's ADRP mechanism.¹⁷

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that CoreTel's Petition is dismissed without prejudice. The Commission has previously held that certain contractual disputes under an interconnection agreement may be more appropriately addressed by courts of general jurisdiction.¹⁸ Indeed, the instant proceeding is a continuation of a specific dispute that the Commission previously dismissed without prejudice.

In Case No. PUC-2012-00033, the Commission dismissed without prejudice CoreTel's petition for resolution of billing issues with Verizon, finding that such "proceeding is rooted in the terms of an arbitrated interconnection agreement, which has been approved by the Federal Communications Commission and entered into by Verizon and CoreTel."¹⁹ Accordingly, CoreTel subsequently filed a lawsuit and a motion for a preliminary injunction in federal court regarding such matter. In the federal court proceeding, among other things: (i) CoreTel's motion for preliminary injunctive relief was granted pending the district court's decision; (ii) the district court awarded a monetary judgment against CoreTel; (iii) CoreTel has currently appealed to the Fourth Circuit; and (iv) CoreTel may, but has not, sought a stay of the district court's judgment (automatic or otherwise) pending the outcome of the appeal.²⁰ Since CoreTel has not stayed the federal court judgment and has not paid Verizon the amount due under the district court's order, Verizon has attempted to invoke its termination rights under the interconnection agreements.

As a result, CoreTel's instant Petition is directly related to the federal court judgment and the ongoing federal court proceedings. CoreTel claims that the current federal court judgment solely relates to switched access charges, not charges under the interconnection agreements. Verizon disagrees. Thus, contrary to CoreTel's suggestion, the instant controversy is not solely limited to a question of interpreting the plain language of the interconnection agreements. That is, even if the Commission makes the legal finding (as asserted by CoreTel) that Verizon can only terminate service under the interconnection agreements for a violation of those specific agreements, the dispute is not resolved. Rather, to resolve the instant dispute, the Commission would need to determine whether (and possibly how much of) the current federal court judgment reflects a violation of the interconnection agreements. CoreTel does not establish how the Commission could be better situated than a federal court to determine the composition of that federal court's own judgment award.

In sum, the instant Petition involves questions regarding the composition of the current federal court judgment, which would require the interpretation of federal court results and which could be influenced at any time by the continuing aspects of the federal case. The instant Petition is clearly rooted in the federal court proceedings and is more appropriately addressed by such courts. In addition, the Commission expects CoreTel to provide sufficient notice to its current customers in accordance with its correspondence to the Commission dated April 6, 2015, in Case No. PUC-2015-00017, in order to avoid disruption of service to CoreTel's customers and to ultimate end users.

Accordingly, IT IS ORDERED THAT:

(1) CoreTel's Petition is dismissed without prejudice.

(2) There being nothing further to come before the Commission, this matter 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.

¹¹ Verizon's Response at 4 (citing *CoreTel Va., LLC, v. Verizon Virginia LLC, et al.*, 752 F.3d 364 (4th Cir. 2014)).

¹² Verizon's Response at 4 (referencing *CoreTel Va., LLC, v. Verizon Virginia LLC, et al.*, Civil Action No. 1:12-cv-741, Memorandum Opinion (E.D. Va. Dec. 2, 2014); *CoreTel Va., LLC, v. Verizon Virginia LLC, et al.*, Civil Action No. 1:12-cv-741, Order (E.D. Va. Dec 2, 2014)).

¹³ Verizon's Response at 5, Exhibit J.

¹⁴ *Id.* at 5.

¹⁵ *Id.* at 10-11.

¹⁶ *Id.*

¹⁷ CoreTel's Reply at 6.

¹⁸ See, e.g., *Petition of CoreTel Virginia, LLC, For resolution of billing issues with Verizon Virginia LLC and Verizon South Inc.*, Case No. PUC-2012-00033, 2012 S.C.C. Ann. Rept. 196, Dismissal Order (June 27, 2012); *Petition of Cavalier Telephone, LLC v. Verizon Virginia Inc., To require payment of access charges*, Case No. PUC-2005-00119, 2006 S.C.C. Ann. Rept. 210, Dismissal Order (Jan. 12, 2006); *Petition of Cavalier Telephone, LLC v. Verizon Virginia Inc., For enforcement of interconnection agreement*, Case No. PUC-2002-00089, 2003 S.C.C. Ann. Rept. 203, Final Order (Jan. 31, 2003).

¹⁹ *Petition of CoreTel Virginia, LLC, For resolution of billing issues with Verizon Virginia LLC and Verizon South Inc.*, Case No. PUC-2012-00033, 2012 S.C.C. Ann. Rept. at 197.

²⁰ See, e.g., CoreTel's Petition and Verizon's Response.

CASE NO. PUC-2015-00023
JUNE 2, 2015

APPLICATION OF
MIDWEST CABLE PHONE OF VIRGINIA, LLC

For cancellation of certificates of public convenience and necessity for the provision of local exchange and interexchange telecommunications services and of the associated bond and tariffs

ORDER CANCELLING CERTIFICATES AND ASSOCIATED BOND AND TARIFFS

On May 1, 2015, Midwest Cable Phone of Virginia, LLC ("Midwest"), 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-735) and interexchange telecommunications services (No. TT-282A) previously issued pursuant to the Commission's Final Order in Case No. PUC-2014-00027.¹ On May 22, 2015, Midwest filed a supplemental letter requesting that the bond on file with the Commission for Midwest also be released.

NOW UPON CONSIDERATION of the matter, the Commission finds that Certificate No. T-735 and Certificate No. TT-282A issued to Midwest should be cancelled, as well as the associated bond and tariffs.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2015-00023.
- (2) Certificate of public convenience and necessity, No. T-735, issued to Midwest to provide local exchange telecommunications services throughout the Commonwealth of Virginia is hereby cancelled.
- (3) Certificate of public convenience and necessity, No. TT-282A, issued to Midwest to provide interexchange telecommunications services throughout the Commonwealth of Virginia is hereby cancelled.
- (4) Any tariffs on file associated with the foregoing certificates are hereby cancelled.
- (5) The performance bond associated with the foregoing local certificate is hereby released in full.
- (6) There being nothing further to be done in this matter, this case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

¹ *Application of Midwest Cable Phone of Virginia, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2014-00027, Final Order (Oct. 7, 2014).

CASE NO. PUC-2015-00027
AUGUST 14, 2015

JOINT PETITION OF
LIGHTSQUARED INC.,
LIGHTSQUARED LP,
and
LIGHTSQUARED INC. OF VIRGINIA

For approval to transfer control of LightSquared Inc. of Virginia pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 18, 2015, LightSquared Inc. ("LSI"), LightSquared LP ("LS LP"), and LightSquared Inc. of Virginia ("LSI Va")¹ (collectively, "Petitioners")² completed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act³ to request authority to transfer control of LSI Va.

¹ LSI Va is a competitive local exchange service provider and holds Certificate No. T-424e. *See Application of SkyTerra Inc. of Virginia, To amend its certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a new corporate name*, Case No. PUC-2010-00048, 2010 S.C.C. Ann. Rept. 266, Order (Oct. 1, 2010).

² Harbinger Capital Partners LLC, HGW US Holding Company, L.P., HGW Holding Company, L.P., HGW US GP Corp., HGW GP Ltd., Phillip A. Falcone, Fortress Credit Opportunities Advisors LLC, LSQ Acquisition Co LLC, LSQ Acquisition Co UST LLC, Fortress Investment Group LLC, CF LSQ C Holdings LLC, Fortress Credit Advisors LLC, FIG LLC, Fortress Operating Entity I LP, FIG Corp., Fortress Investment Group LLC, SIG Holdings, LLC, J.P. Morgan Broker-Dealer Holdings, Inc., Reorganized LightSquared Inc., J.P. Morgan Chase & Co., Reorganized LightSquared Investors Holdings Inc., Reorganized TMI Communications Delaware, Limited Partnership, SkyTerra Rollup Sub LLC, SkyTerra Rollup LLC, Centerbridge Partners, L.P., CCP II AIV II, L.P., Centerbridge Capital Partners SBS II, L.P., Centerbridge Associates II, L.P., Centerbridge GP Investors II, LLC, Jeffrey Aronson, and Mark Gallogly also are considered Petitioners and have provided the statutorily required verifications.

LSI and LS LP request authority to transfer control of LSI Va to New LightSquared, a newly formed Delaware limited liability company, and four new owners/investors in a series of transactions in which the new investors will acquire control of New LightSquared ("Transfer"). The new owners represent that their additional capital will allow New LightSquared to emerge from Chapter 11 bankruptcy with a sustainable capital structure and increased financial stability. Petitioners also represent that LSI Va will continue to have the financial, managerial and technical resources necessary to render telecommunications services in Virginia after the Transfer. Further, Petitioners represent that the Transfer is not expected to adversely affect LSI Va's access to financial and capital markets.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that the Petition, as described herein, should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, Petitioners hereby are granted approval of the Transfer as described herein.
- (2) LSI Va shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall include the date the Transfer occurred.
- (3) This case is dismissed.

³ Section 56-88 *et seq.* of the Code of Virginia ("Code").

**CASE NO. PUC-2015-00029
JULY 8, 2015**

JOINT APPLICATION OF
CROWN CASTLE INTERNATIONAL CORP.,
CROWN CASTLE OPERATING COMPANY,
CC SCN FIBER LLC,
QUANTA SERVICES, INC.,
QUANTA FIBER NETWORKS, INC.,
INFRASOURCE FI, LLC,
SUNESYS, LLC,
and
SUNESYS OF VIRGINIA, INC.

For approval of the transfer of indirect control of Sunesys of Virginia, Inc., to Crown Castle Operating Company and related transactions pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On June 9, 2015, Crown Castle International Corp. ("CCIC"), Crown Castle Operating Company ("CCOC"), CC SCN Fiber LLC ("Purchaser"), Quanta Services, Inc. ("Seller"), Quanta Fiber Networks, Inc. ("QFN"), InfraSource FI, LLC, Sunesys, LLC ("Sunesys"), and Sunesys of Virginia, Inc. ("Sunesys-VA") (collectively, "Applicants"), completed the filing of a joint application and request for streamlined review with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ for approval of the transfer of indirect control of Sunesys-VA to CCOC ("Sunesys Transaction") and related post-closing transactions ("Application").²

Sunesys-VA is authorized to provide local exchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity issued by the Commission.³ Under the Sunesys Transaction, Purchaser will acquire all of the issued and outstanding stock of QFN from Seller. QFN, and its subsidiaries including Sunesys-VA, will become subsidiaries of Purchaser and its direct and ultimate parent companies, CCOC and CCIC, respectively. As a result, Sunesys-VA and its direct parent, Sunesys, will remain subsidiaries of QFN, while indirect control of Sunesys-VA will transfer to CCOC and, ultimately, CCIC.

The Applicants state that the financial, technical, and managerial resources of CCOC and CCIC are expected to enhance the ability of Sunesys-VA to compete in the telecommunications marketplace. The Applicants represent that the Commission has reviewed the resources and

¹ Va. Code § 56-88 *et seq.*

² In the Application, the Applicants also request Commission authority, to the extent necessary, to implement certain intra-company changes that will occur shortly following the closing of the Sunesys Transaction. These changes will involve an expected consolidation of Purchaser and QFN, and the transfer of certain assets of Sunesys-VA and Sunesys to a newly formed subsidiary of Sunesys (the Sunesys Transaction and related post-closing intra-company changes are herein collectively referred to as the "Transaction").

³ See *Application of Sunesys of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-2002-00017, 2002 S.C.C. Ann. Rept. 289, Final Order (June 10, 2002).

qualifications of CCIC and its subsidiaries in previous proceedings,⁴ and the Applicants included the current financial statements of CCIC in support of the Application. Thus, the Applicants assert that Sunesys-VA will continue to have the resources to provide local exchange telecommunications services in Virginia under the control of CCOC and, ultimately, CCIC.

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

⁴ See, e.g., *Joint Application of Crown Castle NG Atlantic LLC, 24/7 Mid-Atlantic Network of Virginia, LLC, 24/7 Chesapeake Holdings, LLC, and GRI Fund #2, L.P., For approval of the transfer of indirect control of 24/7 Mid-Atlantic Network of Virginia, LLC*, Case No. PUC-2014-00051, 2014 S.C.C. Ann. Rept. 238, Order Granting Approval (Oct. 28, 2014).

**CASE NO. PUC-2015-00030
AUGUST 11, 2015**

APPLICATION OF
GOFF NETWORK TECHNOLOGIES – VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On June 17, 2015, Goff Network Technologies – Virginia, Inc. ("Goff VA" 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"). Goff VA 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.*, Goff VA filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

By Order for Notice and Comment dated June 29, 2015 ("Scheduling Order"), the Commission, among other things, directed Goff VA to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On July 27, 2015, Goff VA filed proof of service and proof of publication in accordance with the Scheduling Order.

On August 10, 2015, the Staff filed its Staff Report finding that Goff VA's Application was in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, 20 VAC 5-417-10 *et seq.*, and the Rules Governing the Certification of Interexchange Carriers, 20 VAC 5-411-10 *et seq.* Based upon its review of Goff VA's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Goff VA should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

On August 10, 2015, Goff VA filed a letter advising that the Company supports the findings of the Staff and requests the Commission grant the relief requested in its Application.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Goff VA Certificates. Having considered § 56-481.1 of the Code, the Commission finds that Goff VA may price its interexchange telecommunications services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

¹ The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

Accordingly, IT IS ORDERED THAT:

(1) Goff VA hereby is granted Certificate No. T-741 to provide local exchange telecommunications services subject to the restrictions set forth in the applicable Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.

(2) Goff VA hereby is granted Certificate No. TT-287A to provide interexchange telecommunications services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Goff VA may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, Goff VA shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If the Company elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to 20 VAC 5-417-50 A 2.

(5) Goff VA shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) The Company's Motion hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(7) There being nothing further to come before the Commission, this case hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2015-00031
OCTOBER 6, 2015**

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.*

ORDER GRANTING APPROVAL

On August 18, 2015, Cequel Corporation ("Cequel"), Cebridge Telecom VA, LLC ("Cebridge-VA"), and Altice N.V. ("Altice") (collectively, "Petitioners"),¹ completed the filing of the joint petition ("Petition")² presently before the State Corporation Commission ("Commission"). The Petition requests approval of the transfer of indirect control of Cebridge-VA to Altice pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code").³ The Petitioners also filed a Motion for Confidential Treatment ("Motion") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Cebridge-VA, a wholly owned subsidiary of Cequel, is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission.⁴ Pursuant to a Purchase and Sale Agreement, a series of transactions will occur that ultimately will result in Altice acquiring a 70% controlling interest in Cequel and, therefore, Cebridge-VA. ("Transfer"). Upon completion of the Transfer, Cebridge-VA will remain a subsidiary of Cequel, while indirect control of Cebridge-VA will transfer to Altice and, ultimately, Patrick Drahi.⁵

The Petitioners represent that Cebridge-VA will continue to provide its services in Virginia under its current name and under the same rates, terms, and conditions as currently provided. The Petitioners further represent that Cebridge-VA will continue to have the same technical qualifications to

¹ Patrick Drahi, Altice Luxembourg S.A., UpperNext Limited Partnership Inc., Next Limited Partnership Inc., Next Alt S.á r.l., Altice US Holding I S.á r.l., Altice US Holding II S.á r.l., Canada Pension Plan Investment Board, and BC Partners Holdings Limited also are considered Petitioners and have provided the statutorily required verifications.

² The original Petition filed on June 5, 2015, and completed by supplemental filings made on July 8, and July 13, 2015, included Altice S.A. as a Petitioner. On August 13, 2015, the Petitioners made a filing replacing Altice S.A. with Altice, as the newly formed ultimate parent of the Altice companies and adding Altice Luxembourg S.A., a newly formed intermediate subsidiary to Altice.

³ Va. Code § 56-88 *et seq.*

⁴ See *Application of Cebridge Telecom VA, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00018, 2013 S.C.C. Ann. Rept. 205, Final Order (Aug. 1, 2013).

⁵ Altice's founder and executive chairman, Patrick Drahi, is considered to be the ultimate controlling shareholder, holding approximately 58.5% of the ownership interests in Altice. As such, the Petitioners state that Patrick Drahi will hold approximately 40.95% of the ownership interests in Cequel and its subsidiaries, including Cebridge-VA, upon completion of the Transfer.

provide its services, but will benefit from the enhanced managerial and financial resources of Altice. In support of the Joint Petition, the Petitioners provided a description of Altice's leadership team and its recent financial statements.

The Petitioners also are seeking approval of the Transfer from the Federal Communications Commission ("FCC") in WC Docket No. 15-135. On June 29, 2015, 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 Transfer for national security, law enforcement, and public safety issues. In 2012, the Agencies conducted a similar review of a transfer of control involving the acquisition of indirect control of a Virginia certificated competitive local exchange carrier by a foreign-owned company. In Case No. PUC-2012-00079, the Commission conditioned its approval of such transfer of control upon the transaction receiving the approval of the FCC.⁶

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 approval granted herein should be conditioned upon approval of the proposed Transfer by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transfer. Finally, we find that the Petitioners' Motion is no longer necessary and, therefore, should be denied.⁷

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted approval, subject to the condition set forth in Ordering Paragraph (2), of the proposed Transfer as described herein.
- (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 Transfer.
- (3) The Petitioners shall file with the Commission proof of such approval or denial within ten (10) days of the issuance of the FCC's determination.
- (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 Transfer, which shall include the date of the completion of the Transfer.
- (5) 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.
- (6) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

⁶ See *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). The Commission imposed similar conditions in prior cases. See *Joint Petition of Global Crossing Telemangement VA, LLC, Global Crossing Limited, and Level 3 Communications, Inc., For approval of the transfer of control of Global Crossing Telemangement VA, LLC, and Related Transactions, pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2011-00037, 2011 S.C.C. Ann. Rept. 259, Order Granting Approval (Aug. 19, 2011); *Petition of Global Crossing Ltd (Debtor-in-Possession) and GC Acquisition Limited, For approval of the transfer of control of Global Crossing Ltd.'s Virginia operating subsidiaries to GC Acquisition Limited*, Case No. PUC-2003-00094, 2003 S.C.C. Ann. Rept. 270, Order Granting Approval (Aug. 13, 2003).

⁷ The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2015-00032
JULY 22, 2015**

JOINT APPLICATION OF
ONVOY, LLC ,
BROADVOX, INC.,
THE BROADVOX HOLDING COMPANY, LLC,
and
BROADVOX-CLEC, LLC

For approval of the transfer of control of Broadvox-CLEC, LLC

ORDER GRANTING APPROVAL

On June 15, 2015, Onvoy, LLC ("Onvoy"), Broadvox, Inc. ("BV-Inc."), The Broadvox Holding Company, LLC ("BV-Holding"), and Broadvox-CLEC, LLC ("BV-CLEC") (collectively, "Applicants"),¹ filed a joint application with the State Corporation Commission ("Commission") pursuant to the

¹ Communications Infrastructure Investments, LLC ("CII"), Onvoy's parent company, and Andre Temnorod, the only shareholder of BV-Inc. with a 25% or greater ownership interest, are also considered Applicants and have provided the statutorily required verifications.

Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² for approval of the transfer of control of BV-CLEC to Onvoy ("Joint Application"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Joint Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Currently BV-CLEC is authorized to provide local exchange telecommunications services (Certificate No. T-689) and interexchange telecommunications services ("Certificate No. TT-248A) in Virginia.³ Pursuant to a Membership Interest Purchase Agreement between BV-Holding and Onvoy, Onvoy will acquire all of the issued and outstanding membership interests in BV-CLEC ("Transaction"). As a result, direct ownership and control of BV-CLEC will be transferred from BV-Holding to Onvoy and ultimate ownership and control of BV-CLEC will be transferred to CII.

The Applicants assert that BV-CLEC will continue to have the financial, managerial, and technical qualifications to provide intrastate telecommunications services under Onvoy ownership and control. The Applicants assert that Onvoy holds certificates of public convenience and necessity to provide telecommunications services in the Commonwealth of Virginia that were issued by the Commission in 2014 and retains the financial, technical, and managerial resources reviewed by the Commission. Finally, the Applicants assert that the combined companies will be better able to meet the needs of customers and compete in the telecommunications marketplace.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Transaction described herein should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁴

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Transaction as described herein.
- (2) The Applicants shall file a report of action with the Commission in its Document Control Center within thirty (30) days after completion of the Transaction, which shall note the date of completion of the Transaction.
- (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 from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

² Va. Code § 56-88 *et seq.*

³ *Application of Broadvox-CLEC, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00025, Final Order (Sept. 8, 2009).

⁴ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2015-00033
JULY 10, 2015**

PETITION OF
SPRINT COMMUNICATIONS COMPANY OF VIRGINIA, INC.

For partial discontinuance of service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On June 19, 2015, Sprint Communications Company of Virginia, Inc. ("Sprint" or "Company") filed with the State Corporation Commission ("Commission") a petition for approval of a partial discontinuance of its wireline consumer long-distance offerings and associated features¹ pursuant to 20 VAC 5-411-40 of the Commission's Rules Governing the Certification of Interexchange Carriers ("Petition"). Sprint also requests that it be permitted to retain its interexchange carrier ("IXC") certificate in Virginia in order to continue offering business long-distance services in Virginia.² Sprint requests that the Commission approve the Company's proposed discontinuance of its wireline consumer long-distance offerings and associated features as of September 19, 2015.

¹ Sprint states in the Petition that the specific wireline consumer long-distance services and features being discontinued are Message Telecommunications Service, FÖNCARD, Directory Assistance, and Operator Service, as well as all consumer pricing plans associated with these services. Sprint states that it will continue to provide Casual Caller service to Telecommunications Relay Service ("TRS") system users in states where Sprint is the TRS service provider.

² Sprint holds IXC Certificate No. TT-12B, issued March 4, 1992, and Local Certificate No. T-367, issued November 8, 1996. *See Application of US Sprint Communications Company of Virginia, Inc., To amend certificate to reflect new corporate name*, Case No. PUC-1992-00003, 1992 S.C.C. Ann. Rept. 241, Final Order (Mar. 4, 1992), and *Application of Sprint Communications Company of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services*, Case No. PUC-1996-00086, 1996 S.C.C. Ann. Rept. 218, Order (Nov. 8, 1996).

Sprint states that it currently serves approximately 5,652 consumer long-distance customers in Virginia. The Company states that all affected customers were notified of the planned discontinuance by letter between June 15, 2015, and June 19, 2015, which stated in part that as of September 19, 2015, customers will need to make arrangements with another carrier to avoid a loss of service. Sprint also provided a toll-free telephone number for these customers to use to obtain assistance with the transition.

NOW THE COMMISSION, upon consideration of foregoing, is of the opinion and finds that Sprint's Petition for a partial discontinuance of its wireline consumer long-distance offerings and associated features should be granted. The Commission's primary concern with authorizing discontinuance of any telecommunications services is providing adequate notice to affected customers. We have reviewed the notice provided by the Company and find that it provides customers with sufficient notice of the discontinuance of the affected services.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUC-2015-00033.
- (2) Sprint is authorized to partially discontinue its wireline consumer long-distance offerings and associated features in Virginia, as described in the Petition, as of September 19, 2015.
- (3) There being nothing further to come before the Commission, this case hereby is removed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2015-00034
JULY 30, 2015**

APPLICATION OF
MITEL NETSOLUTIONS OF VIRGINIA, INC.

For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATE

On June 24, 2015, Mitel NetSolutions of Virginia, Inc., filed an application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, issued to Mitel NetSolutions of Virginia, Inc., be amended to reflect a corporate name change ("Application"). Mitel NetSolutions of Virginia, Inc., submitted with its Application proof of the corporate name change to Mitel Cloud Services of Virginia, Inc.¹

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of Mitel NetSolutions of Virginia, Inc., should be cancelled and reissued in the name of Mitel Cloud Services of Virginia, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) The case is docketed and assigned Case No. PUC-2015-00034.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-675a, heretofore issued to Mitel NetSolutions of Virginia, Inc., is hereby cancelled and shall be reissued as Certificate No. T-675b in the name of Mitel Cloud Services of Virginia, Inc.
- (3) Any tariffs on file with the Commission's Division of Communications in the name of Mitel NetSolutions of Virginia, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (4) This case is hereby dismissed, and the papers filed herein shall be placed in the file for ended causes.

¹ A general surety rider to the bond in the name of Mitel Cloud Services of Virginia, Inc., was also provided to the Division of Communications.

**CASE NO. PUC-2015-00035
AUGUST 6, 2015**

PETITION OF
WEST CORPORATION,
INTRADO COMMUNICATIONS INC.,
INTRADO COMMUNICATIONS OF VIRGINIA INC.,
HYPERCUBE, LLC.,
HYPERCUBE TELECOM, LLC.,
THOMAS H. LEE PARTNERS, L.P.,
and
QCP GP INVESTORS II LLC

For an order authorizing disposition of control under the Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On July 2, 2015, West Corporation ("West"); Intrado Communications, Inc. ("Intrado"); Intrado Communications of Virginia, Inc. ("Intrado-VA"); HyperCube, LLC ("HyperCube"); Hypercube Telecom, LLC ("Hypercube-VA"); Thomas H. Lee Partners, L.P. ("THL Partners");¹ and QCP GP Investors II LLC ("QCP")² (collectively, "Petitioners"), filed a petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),³ seeking authority to dispose of the control over Intrado-VA and Hypercube-VA held by THL Partners and QCP ("Petition").

Intrado-VA and Hypercube-VA are certificated to provide telecommunications services in the Commonwealth of Virginia.⁴ Intrado-VA and Hypercube-VA are wholly owned by separate parent companies, Intrado and HyperCube respectively, which in turn are ultimately wholly owned subsidiaries of West. According to the Petition, THL Funds and Quadrangle Funds, at the direction of THL Partners and QCP, possess substantial amounts of voting stock of West. The Petition seeks authority for THL Funds and Quadrangle Funds to sell shares of West stock in order to reduce their total holdings in West to below 25% and thereby dispose of their indirect control over Intrado-VA and Hypercube-VA ("Proposed Disposition").

The Petitioners state that the Proposed Disposition will have no effect on the certificates of public convenience and necessity held by Intrado-VA and Hypercube-VA, nor upon the rates and services of the regulated utilities. The Petitioners further assert that during and following the proposed sale of West stock, Intrado-VA and Hypercube-VA will continue to be overseen by their existing management teams, who possess substantial operational, technical, and financial expertise.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the Petition should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Petitioners hereby are granted authority to effect the Proposed Disposition as described herein.
- (2) The Petitioners shall file a report of action with the Commission in its Document Control Center within thirty (30) days of the disposition of control, which shall note the date of disposition.
- (3) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ THL Partners manages the following entities: Thomas H. Lee Equity Fund VI, L.P.; Thomas H. Lee Parallel Fund VI, L.P.; Thomas H. Lee Parallel (DT) Fund VI, L.P.; THL Coinvestment Partners, L.P.; THL Equity Fund VI Investors (West), L.P.; THL Equity Fund VI Investors (West) HL, L.P.; Putnam Investment Holdings, LLC.; and Putnam Investments Employees' Securities Company III LLC (collectively, "THL Funds"). These entities are also considered Petitioners and have provided the statutorily required verifications.

² QCP is the general partner of Quadrangle GP Investors II LP, which is the general partner of the following entities: Quadrangle Capital Partners II LP; Quadrangle Select Partners II LP; and Quadrangle Capital Partners II-A LP (collectively, "Quadrangle Funds"). These entities are also considered Petitioners and have provided the statutorily required verifications.

³ Va. Code § 56-88 *et seq.*

⁴ *Application of Intrado Communications of Virginia Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2001-00212, 2002 S.C.C. Ann. Rept. 254, Final Order (Mar. 20, 2002); *Application of KMC Data, LLC, For amended and reissued local exchange certificate of public convenience and necessity to reflect its new name*, Case No. PUC-2008-00095, 2008 S.C.C. Ann. Rept. 318, Order (Dec. 9, 2008).

**CASE NO. PUC-2015-00036
AUGUST 26, 2015**

JOINT PETITION OF
TIME WARNER CABLE INC.,
and
CHARTER COMMUNICATIONS, INC.

For approval of the transfer of control of Time Warner Cable Information Services (Virginia), LLC, Time Warner Cable Business LLC, and DukeNet Communications, LLC, and for authority to complete certain pro forma intra-corporate transactions for Charter Fiberlink VA-CCO, LLC

ORDER GRANTING APPROVAL

On July 7, 2015, Charter Communications, Inc. ("Charter"), and its indirect subsidiary Charter Fiberlink VA-CCO, LLC ("Charter Fiberlink"),¹ and Time Warner Cable Inc. ("TWC"), and its direct subsidiaries Time Warner Cable Information Services (Virginia), LLC ("TWCIS"),² Time Warner Cable Business LLC ("TWCB"),³ and DukeNet Communications, LLC ("DukeNet")⁴ (collectively, "Petitioners"), filed a joint petition with the State Corporation Commission ("Commission") to request approval of the transfer of control of TWCIS, TWCB, and DukeNet (collectively, "TWC Subsidiaries"), and authority to complete certain pro forma intra-corporate transactions for Charter Fiberlink, pursuant to the Utility Transfers Act⁵ ("Transfer"). The Petitioners also filed a Motion for a Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

Charter, TWC, and Bright House Networks, LLC,⁶ propose to merge, and then through a pro forma intra-corporate reorganization, form New Charter, which will become the new ultimate corporate parent of the combined company that will include the Virginia-certificated entities, Charter Fiberlink and the TWC Subsidiaries.⁷ The Petitioners represent that New Charter will have the financial, managerial, and technical resources to render telecommunications services to Virginia customers through Charter Fiberlink and the TWC Subsidiaries, that there will be no disruption of service, and that the Transfer will be seamless to Virginia customers.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Transfer should be approved. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.⁸

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-88.1 and § 56-90 of the Code of Virginia, the Petitioners hereby are granted approval of the Transfer as described herein.
- (2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall include 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 hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ See *Application of Charter Fiberlink VA-CCO, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2004-00036, 2004 S.C.C. Ann. Rept. 239, Final Order (July 29, 2004).

² See *Application of Time Warner Cable Information Services (Virginia), LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2009-00055, 2010 S.C.C. Ann. Rept. 224, Final Order (Jan. 28, 2010).

³ See *Application of Time Warner Cable Business LLC d/b/a Time Warner Cable, For a certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2013-00035, 2013 S.C.C. Ann. Rept. 212, Final Order (Dec. 10, 2013).

⁴ See *Application of DukeNet OpCo, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2010-00042, 2010 S.C.C. Ann. Rept. 261, Final Order (Oct. 29, 2010); and *Application of DukeNet OpCo, LLC, For amended and reissued Certificates of Public Convenience and Necessity to reflect new name: DukeNet Communications, LLC*, Case No. PUC-2011-00005, 2011 S.C.C. Ann. Rept. 243, Order (Feb. 22, 2011).

⁵ Va. Code § 56-88 *et seq.*

⁶ Bright House Networks, LLC, is an indirect TWC partnership investment that is not part of the ownership chain and has no presence or operation in Virginia and, therefore, is not a Petitioner in this case.

⁷ New Charter will ultimately assume the name Charter Communications, Inc.

⁸ The Commission held the Motion in abeyance and has not received a request 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 that Motion pertains under seal.

**CASE NO. PUC-2015-00038
NOVEMBER 5, 2015**APPLICATION OF
FIBER CONNECT LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On August 25, 2015, Fiber Connect LLC ("Fiber Connect" 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"). Fiber Connect 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.*, Fiber Connect filed a motion for a protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application.

By Order for Notice and Comment dated September 2, 2015 ("Scheduling Order"), the Commission, among other things, directed Fiber Connect to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On October 13, 2015, Fiber Connect filed proof of service and proof of publication in accordance with the Scheduling Order.

On October 21, 2015, the Staff filed its Staff Report finding that Fiber Connect'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 Fiber Connect's Application, the Staff determined it would be appropriate to grant the Company Certificates subject to the following condition: Fiber Connect should notify the Division of Communications no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. This requirement should be maintained until such time as the Commission determines it is no longer necessary.

The Scheduling Order provided an opportunity for the Company to file a response to the Staff Report on or before October 28, 2015. Fiber Connect did not file a response.

NOW THE COMMISSION, having considered the Application and the Staff Report, finds that it should grant Fiber Connect Certificates. Having considered § 56-481.1 of the Code, the Commission finds that Fiber Connect may price its interexchange telecommunications services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

(1) Fiber Connect hereby is granted Certificate No. T-743 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 Order.

(2) Fiber Connect hereby is granted Certificate No. TT-289A to provide interexchange telecommunications services subject to the restrictions set forth in the Interexchange Rules, § 56-265.4:4 of the Code, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, Fiber Connect may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Order, the Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations. If Fiber Connect elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Rule 20 VAC 5-417-50 A.

(5) Fiber Connect shall notify the Division of Communications no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) The Company's Motion hereby is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(7) This case hereby is dismissed.

¹ The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUC-2015-00039
SEPTEMBER 17, 2015**

JOINT APPLICATION OF
ODYSSEY ACQUISITION, LLC,
ODYSSEY INTERMEDIATE HOLDINGS, INC.,
MOUNT ROYAL HOLDINGS, LLC,
EXTENET SYSTEMS (VIRGINIA), LLC,
EXTENET SYSTEMS, INC.,
and
EXTENET HOLDINGS, INC.

For approval of the transfer of indirect control of ExteNet Systems (Virginia), LLC, to Odyssey Acquisition, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On October 2, 2015, Odyssey Acquisition, LLC ("Odyssey"), Odyssey Intermediate Holdings, Inc., Mount Royal Holdings, LLC ("Mount Royal"), ExteNet Systems (Virginia), LLC ("ExteNet VA"), ExteNet Systems, Inc., and ExteNet Holdings, Inc. ("ExteNet Holdings") (collectively, "Applicants"),¹ filed a joint application pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² to request approval of a transfer of indirect control of ExteNet VA to Odyssey ("Application"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* On August 19, 2015, the Applicants filed a supplement to the Application, which, in part, clarified the ownership interest held by Stonepeak and Digital Bridge in Mount Royal, the ultimate parent company of Odyssey.

ExteNet VA is authorized to provide local exchange telecommunications services (Certificate No. T-649a) and interexchange services (Certificate No. TT-219B) in Virginia.³ Pursuant to an Agreement and Plan of Merger dated July 17, 2015, Odyssey will acquire direct control over ExteNet Holdings, and thereby, indirect control over each of its subsidiaries, including ExteNet VA ("Transfer"). As a result of the proposed Transfer, indirect control over ExteNet VA will transfer to Odyssey, Mount Royal, Stonepeak, and Digital Bridge.

The Applicants state that the Transfer is in the public interest, and that the financial and managerial resources that Odyssey will bring to ExteNet VA will enhance its ability to deploy infrastructure and compete in the telecommunications marketplace. The Applicants represent that ExteNet VA will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia. Finally, the Applicants state that the proposed transaction will be transparent to ExteNet VA's customers because the name of the customer-serving company will remain the same as well as the rates, terms, and conditions under which services are provided.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed Transfer described herein should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁴

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, 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 in its Document Control Center within thirty (30) days after completion of the proposed Transfer, which shall include 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 from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ Stonepeak GP Investors Manager LLC, Stonepeak Infrastructure Fund (Odyssey AIV) LP, Stonepeak Communication Holding LP, Stonepeak Communication Holdings LLC (collectively, "Stonepeak"), and Digital Bridge Small Cell Holdings, LLC ("Digital Bridge"), also are considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

³ *Application of Clearlinx Networks (Virginia) LLC and ExteNet Systems (Virginia) LLC, For cancellation of certificates of public convenience and necessity to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name*, Case No. PUC-2006-00141, 2007 S.C.C. Ann. Rept. 215, Final Order (Apr. 3, 2007).

⁴ 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-2015-00040
OCTOBER 6, 2015**

JOINT APPLICATION OF
SHENANDOAH TELEPHONE COMPANY
SHENANDOAH TELECOMMUNICATIONS COMPANY, *et al.*
and
NTELOS HOLDING CORP.,
NTELOS INC., *et al.*

For approval pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING MOTION

On August 25, 2015, Shenandoah Telephone Company ("Shenandoah"), a Virginia public service company and wholly owned subsidiary of Shenandoah Telecommunications Company ("ShenCom"), along with its current affiliates (collectively, "Shentel Affiliates"), filed with the State Corporation Commission ("Commission") a Motion for Interim Authority requesting that the Commission grant Affiliates Act¹ interim authority to the Shentel Affiliates to provide services to NTELOS Holdings Corp. and its subsidiaries (collectively, "nTelos Affiliates") under the Services Agreement in place for the Shentel Affiliates² upon the completion of the acquisition of the nTelos Affiliates by ShenCom ("Motion"). The Motion requested that such interim authority commence on the date of closing of the transaction where ShenCom acquires the nTelos Affiliates and continue until the Commission approves an application to add the nTelos Affiliates to the Services Agreement. The Motion stated that an application for approval of a revised Services Agreement would be filed within 30 days following closing, which would add the nTelos Affiliates to the Services Agreement presently in place for the Shentel Affiliates.³

The Staff of the Commission ("Staff"), pursuant to 5 VAC 5-20-110 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, filed a response to the Motion on September 9, 2015, stating that the Staff does not oppose the request for interim authority. The Staff concurred with the request that any interim authority granted herein be limited to the period of time following the closing of the acquisition of the nTelos Affiliates by ShenCom, and that within 30 days from the date of closing, the companies be required to file an application for approval of a revised Services Agreement. Finally, the Staff asserted that any interim authority granted under this Motion should not have any effect on the five-year sunset provision established for the current Services Agreement in Case No. PUC-2011-00059.⁴

On September 11, 2015, the Shentel Affiliates filed a reply to the Staff's response stating that the Shentel Affiliates did not oppose the Staff's recommendation regarding the five-year sunset provision for the authority granted in Case No. PUC-2011-00059.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Motion should be granted and interim authority should be approved on the limited basis set forth herein.

Accordingly, IT IS ORDERED that:

- (1) This matter hereby is docketed as Case No. PUC-2015-00040.
- (2) The Motion for interim authority to provide affiliate services to the nTelos Affiliates under the Services Agreement in place for the Shentel Affiliates hereby is granted.
- (3) The interim authority granted herein shall commence upon the closing of the acquisition of the nTelos Affiliates by ShenCom.
- (4) Within thirty (30) days of the closing of the acquisition of the nTelos Affiliates by ShenCom, an application for approval of a revised Services Agreement shall be filed with the Commission.
- (5) The interim authority granted herein shall have no effect on the five-year sunset provision for the authority granted in Case No. PUC-2011-00059.
- (6) This case is continued generally to receive the application to be filed in accordance with Ordering Paragraph (4) and for further orders of this Commission.

¹ Chapter 4 of Title 56 of the Code of Virginia, § 56-76 *et seq.*

² See *Shenandoah Telephone Company, et al., For approval of an amendment to an Affiliates Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUC-2011-00059, 2011 S.C.C. Ann. Rept. 277, Order Granting Approval (Nov. 17, 2011).

³ The Motion stated that some current nTelos Affiliates or Shentel Affiliates may be merged or consolidated following the closing of the acquisition.

⁴ Pursuant to Ordering Paragraph (2) of the Order Granting Approval in Case No. PUC-2011-00059, approval of the current Services Agreement was limited to a five-year period and is due to expire in 2016. See 2011 S.C.C. Ann. Rept. at 278. Ordering Paragraph (3) provides that should Shenandoah wish to continue operating under this agreement after the five-year period, subsequent Commission approval shall be required. *Id.*

**CASE NO. PUC-2015-00043
SEPTEMBER 16, 2015**

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

v.

BENGAL COMMUNICATIONS INTERNATIONAL, INC. OF VIRGINIA

For cancellation of a certificate of public convenience and necessity to provide interexchange telecommunications services

ORDER CANCELLING CERTIFICATE

On May 5, 2006, the State Corporation Commission ("Commission"), in Case No. PUC-2006-00005,¹ issued to Bengal Communications International, Inc. of Virginia ("Company"), certificates of public convenience and necessity permitting the provision of local exchange telecommunications services (Certificate No. T-654)² and interexchange telecommunications services (Certificate No. TT-221A) in the Commonwealth of Virginia.

The Company has been notified by the Commission of the termination of its corporate existence for its failure to pay annual registration or other fees. As a result, the Company is no longer authorized to transact business in the Commonwealth of Virginia. Therefore, the Commission finds that the Company's certificate of public convenience and necessity for interexchange telecommunications services (Certificate No. TT-221A) should be cancelled.

NOW THE COMMISSION, being sufficiently advised, is of the opinion and finds that Certificate No. TT-221A should be cancelled.

Accordingly, IT IS ORDERED THAT:

- (1) This matter hereby is docketed as Case No. PUC-2015-00043.
- (2) Certificate No. TT-221A, issued to Bengal Communications International, Inc. of Virginia, hereby is cancelled.
- (3) Any tariffs on file associated with the above-referenced certificate hereby are cancelled.

(4) There being nothing further to come before the Commission, this matter is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the file for ended causes.

¹ *Application of Bengal Communications International, Inc. of Virginia, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services*, Case No. PUC-2006-00005, 2006 S.C.C. Ann. Rept. 226, Order (May 5, 2006).

² Certificate No. T-654 was cancelled by the Commission in 2009 due to the Company's failure to maintain the required letter of credit or performance bond with the Commission. *See Commonwealth of Virginia, ex rel. State Corporation Commission v. Bengal Communications International, Inc. of Virginia*, Case No. PUC-2009-00023, 2009 S.C.C. Ann. Rept. 246, Final Order (Dec. 2, 2009).

**CASE NO. PUC-2015-00044
SEPTEMBER 28, 2015**

APPLICATION OF
COMCAST PHONE OF NORTHERN VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity for the provision of local exchange telecommunications services and of the associated tariffs

**ORDER CANCELLING CERTIFICATE
AND ASSOCIATED TARIFFS**

On September 11, 2015, Comcast Phone of Northern Virginia, Inc. ("Comcast" or "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity No. T-362a permitting the provision of local exchange telecommunications services issued pursuant to the Commission's Final Order in Case No. PUC-2003-00157.¹ Comcast further requested cancellation of its associated tariffs. The Company noted that it had no customers in Virginia.

NOW UPON CONSIDERATION of the matter, the Commission finds that Certificate No. T-362a issued to Comcast should be cancelled, as well as the associated tariffs.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is hereby docketed and assigned Case No. PUC-2015-00044.

¹ *Application of Comcast Phone of Northern Virginia, Inc., To cancel existing certificate of public convenience and necessity to provide local exchange telecommunications services and to reissue certificate reflecting the corporate name change*, Case No. PUC-2003-00157, 2003 S.C.C. Ann. Rept. 293, Final Order (Nov. 21, 2003).

(2) Certificate of public convenience and necessity, No. T-362a, issued to Comcast to provide local exchange telecommunications services throughout the Commonwealth is hereby cancelled.

(3) Any tariffs on file associated with certificate No. T-362a are hereby cancelled.

(4) There being nothing further to be done in this matter, this case shall be removed from the Commission's docket of active proceedings and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUC-2015-00051
NOVEMBER 5, 2015**

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

ORDER REISSUING CERTIFICATE

On October 29, 2015, Hypercube Telecom, LLC ("Hypercube"), filed an application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, issued to Hypercube, be amended to reflect a corporate name change ("Application"). Hypercube submitted with its Application proof of the corporate name change to West Telecom Services, LLC.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of Hypercube Telecom, LLC, should be cancelled and reissued in the name of West Telecom Services, LLC.

Accordingly, IT IS ORDERED THAT:

(1) The case is docketed and assigned Case No. PUC-2015-00051.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-568a, heretofore issued to Hypercube Telecom, LLC, is hereby cancelled and shall be reissued as Certificate No. T-568b in the name of West Telecom Services, LLC.

(3) Any tariffs on file with the Commission's Division of Communications in the name of Hypercube Telecom, LLC, shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(4) This case is hereby dismissed.

**CASE NO. PUC-2015-00052
DECEMBER 17, 2015**

JOINT APPLICATION OF
GARRISON TNCI LLC,
TNCI HOLDINGS LLC,
TNCI OPERATING COMPANY LLC,
IMPACT TELECOM, INC.,
MATRIX TELECOM, INC.,
AND
MATRIX TELECOM OF VIRGINIA, INC.

For approval of the proposed transfer of indirect control of Matrix Telecom of Virginia, Inc., to Garrison TNCI LLC and related transactions pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On November 10, 2015, Garrison TNCI LLC ("Garrison"), TNCI Holdings LLC, TNCI Operating Company LLC ("TNCI OpCo"), Impact Telecom, Inc. ("Impact"), Matrix Telecom, Inc. ("Matrix"), and Matrix Telecom of Virginia, Inc. ("Matrix-VA") (collectively, "Applicants"),¹ filed a joint application and request for streamlined review ("Application") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),² for approval of the transfer of indirect control of Matrix-VA to Garrison and related intermediate transactions ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

¹ Robert M. Beaty, GOF II A Series A-2 LLC, and Garrison Opportunity Fund III A LLC also are considered Applicants and have provided the statutorily required verifications.

² Va. Code § 56-88 *et seq.*

Matrix-VA is authorized to provide local exchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity issued by the Commission.³ Matrix-VA is a wholly owned subsidiary of Matrix, which is a wholly owned subsidiary of Impact. Pursuant to the terms of a Securities Purchase Agreement between the current Impact shareholders, Impact, Impact Telecom Holdings, Inc. ("Newco"), Impact Acquisition LLC ("Acquisition"), and TNCI Impact LLC ("TNCI Impact"),⁴ Acquisition will acquire all of the equity of Impact. As a result, indirect control of Matrix-VA will be transferred to Acquisition and its ultimate parent company, Garrison.

The Applicants assert that Matrix-VA will continue to provide services to its customers in Virginia without any immediate changes to the rates, terms, or conditions of service as currently provided. The Applicants further represent that the financial, technical, and managerial resources that Garrison and its subsidiary TNCI OpCo⁵ will bring to Matrix and Matrix-VA are expected to enhance the ability of Impact and its subsidiaries to compete in the telecommunications marketplace. In support of the Application, the Applicants provided the biographies of key management of Garrison and TNCI OpCo and the current financial statements of TNCI OpCo.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁶

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §§ 56-88.1 and 56-90 of the Code, the Applicants hereby are granted approval of the Transfer as described herein.
- (2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer 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 from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

³ *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).

⁴ According to the Application, Newco, Acquisition, and TNCI Impact will all be new entities formed to complete the intermediate steps that will occur before the consummation of the Transfer. Acquisition will be a direct subsidiary of TNCI Impact, which will be a direct subsidiary of Garrison.

⁵ TNCI OpCo is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to the certificates of public convenience and necessity issued by the Commission. *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).

⁶ 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-2015-00053
DECEMBER 16, 2015**

APPLICATION OF
BROADWING COMMUNICATIONS, LLC

For partial discontinuance of service

ORDER PERMITTING PARTIAL DISCONTINUANCE OF SERVICE

On November 17, 2015, Broadwing Communications, LLC ("Broadwing" or "Company"), filed with the State Corporation Commission ("Commission") pursuant to 20 VAC 5-423-30 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, 20 VAC 5-423-10 *et seq.*, for authority to discontinue the Company's Integrated Voice and Data ("IVAD") services in the Commonwealth of Virginia. Broadwing states that it presently has three IVAD customers in Virginia, each of whom has been notified about the discontinuance of service and the need to choose an alternate carrier.

Broadwing attributes its decision to discontinue IVAD services to vendors no longer supporting maintenance of the equipment necessary for the networks and manufacturers no longer making spare parts. According to Broadwing, this situation increases the risk that the Company may not be able to restore this service if an outage occurs. Instead, Broadwing advises that an affiliate, Level 3 Communications, LLC, offers IP-based services, which Broadwing is recommending that the three affected Virginia customers consider. Broadwing also provided customer service contact information to these customers to use to obtain assistance with the transition.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Broadwing's request should be granted. The Commission's primary concern with authorizing discontinuance of any telecommunications services is providing adequate notice to affected customers. We have reviewed the notice provided by Broadwing and find that it provides customers with sufficient notice of the discontinuance of the affected service.

Accordingly, IT IS ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUC-2015-00053.
- (2) Broadwing is authorized to discontinue its IVAD services offering in Virginia.
- (3) There being nothing further to come before the Commission, this case hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUC-2015-00055
DECEMBER 23, 2015**

APPLICATION OF
INTELLIFIBER NETWORKS, INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On December 8, 2015, Intellifiber Networks, Inc. ("Intellifiber"), filed a letter 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 Intellifiber,¹ be amended to reflect a corporate name change ("Application"). Intellifiber submitted with its Application proof of the corporate name change² to Intellifiber Networks, 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 Intellifiber Networks, Inc., should be cancelled and reissued in the name of Intellifiber Networks, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2015-00055.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-457d, heretofore issued to Intellifiber Networks, Inc., is hereby cancelled and shall be reissued as Certificate No. T-457e in the name of Intellifiber Networks, LLC.
- (3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-38D, heretofore issued to Intellifiber Networks, Inc., is hereby cancelled and shall be reissued as Certificate No. TT-38E in the name of Intellifiber Networks, LLC.
- (4) Any tariffs on file with the Commission's Division of Communications in the name of Intellifiber Networks, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (5) This case is hereby dismissed.

¹ Certificate Nos. T-457d and TT-38D.

² Certificate of entity conversion.

**CASE NO. PUC-2015-00056
DECEMBER 23, 2015**

APPLICATION OF
PAETEC 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

ORDER REISSUING CERTIFICATES

On December 8, 2015, PaeTec Communications of Virginia, Inc. ("PaeTec"), filed a letter application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications

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services in the Commonwealth of Virginia, issued to PaeTec,¹ be amended to reflect a corporate name change ("Application"). PaeTec submitted with its Application proof of the corporate name change² to PaeTec Communications of 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 PaeTec Communications of Virginia, Inc., should be cancelled and reissued in the name of PaeTec Communications of Virginia, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2015-00056.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-441, heretofore issued to PaeTec Communications of Virginia, Inc., is hereby cancelled and shall be reissued as Certificate No. T-441a in the name of PaeTec Communications of Virginia, LLC.
- (3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-171A, heretofore issued to PaeTec Communications of Virginia, Inc., is hereby cancelled and shall be reissued as Certificate No. TT-171B in the name of PaeTec Communications of Virginia, LLC.
- (4) Any tariffs on file with the Commission's Division of Communications in the name of PaeTec Communications of Virginia, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (5) This case is hereby dismissed.

¹ Certificate Nos. T-441 and TT-171A.

² Certificate of entity conversion.

**CASE NO. PUC-2015-00057
DECEMBER 23, 2015**

APPLICATION OF
TALK AMERICA OF VIRGINIA, INC.

For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATE

On December 8, 2015, Talk America of Virginia, Inc. ("Talk America"), filed a letter application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, issued to Talk America,¹ be amended to reflect a corporate name change ("Application"). Talk America submitted with its Application proof of the corporate name change² to Talk America of Virginia, LLC.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of Talk America of Virginia, Inc., should be cancelled and reissued in the name of Talk America of Virginia, LLC.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2015-00057.
- (2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-391a, heretofore issued to Talk America of Virginia, Inc., is hereby cancelled and shall be reissued as Certificate No. T-391b in the name of Talk America of Virginia, LLC.
- (3) Any tariffs on file with the Commission's Division of Communications in the name of Talk America of Virginia, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.
- (4) This case is hereby dismissed.

¹ Certificate No. T-391a.

² Certificate of entity conversion.

**CASE NO. PUC-2015-00059
DECEMBER 23, 2015**

APPLICATION OF
WINDSTREAM KDL-VA, INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On December 8, 2015, Windstream KDL-VA, Inc. ("Windstream"), filed a letter 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 Windstream,¹ be amended to reflect a corporate name change ("Application"). Windstream submitted with its Application proof of the corporate name change² to Windstream KDL-VA, 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 Windstream KDL-VA, Inc., should be cancelled and reissued in the name of Windstream KDL-VA, LLC.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUC-2015-00059.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-615a, heretofore issued to Windstream KDL-VA, Inc., is hereby cancelled and shall be reissued as Certificate No. T-615b in the name of Windstream KDL-VA, LLC.

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-194B, heretofore issued to Windstream KDL-VA, Inc., is hereby cancelled and shall be reissued as Certificate No. TT-194C in the name of Windstream KDL-VA, LLC.

(4) Any tariffs on file with the Commission's Division of Communications in the name of Windstream KDL-VA, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(5) This case is hereby dismissed.

¹ Certificate Nos. T-615a and TT-194B.

² Certificate of entity conversion.

DIVISION OF ENERGY REGULATION**CASE NOS. PUE-1993-00031 & PUE-1994-00008
NOVEMBER 24, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of Financing for Energy Efficiency Measures as a Pilot Program

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of the pilot program: "Energy Saver Home Plus"

ORDER DISMISSING CASES

These cases were initiated over 20 years ago for pilot programs, and there has been no activity for several years in either case, and, upon advice of our Staff, nothing remains to be done in either.

ACCORDINGLY, these cases are hereby dismissed.

**CASE NO. PUE-2001-00475
FEBRUARY 9, 2015**

APPLICATION OF
WGL ENERGY SERVICES, INC.
(f/k/a WASHINGTON GAS ENERGY SERVICES, INC.)

For license reissuance to reflect a name change

ORDER REISSUING LICENSES

On October 31, 2001, the State Corporation Commission ("Commission") issued to Washington Gas Energy Services, Inc. ("WGES"), License Nos. G-8 and E-6 ("Licenses"). License No. G-8 authorized WGES to conduct business as a competitive service provider for natural gas service to all customer classes throughout the Commonwealth of Virginia while License No. E-6 authorized WGES to conduct business as a competitive service provider for electric service to all customer classes throughout the Commonwealth of Virginia.

On January 15, 2015, WGL Energy Services, Inc. ("WGL Energy"), filed a letter with the Commission to report that WGES changed its name to WGL Energy, effective January 15, 2015. That correspondence indicates that the name change is part of a comprehensive rebranding initiative of the companies owned by WGL Holdings, Inc., a registered holding company. WGL Energy states that the name change will have no impact on the operations or delivery of energy to its customers. Further, WGL Energy states that the name change does not involve any transfer of assets or stock and that it intends to continue operating as a licensed competitive energy service provider under the Licenses granted.

WGL Energy included a copy of the Certificate of Amendment of Certificate of Incorporation issued by the state of Delaware as verification of its name change. Additionally, WGL Energy included a copy of its Application for an Amended Certificate of Authority to Transact Business in Virginia that it filed with the Clerk of the Commission on January 15, 2015. WGL Energy also included a copy of the letter it sent to its customers to inform them of the name change.

NOW THE COMMISSION, upon consideration of this matter, finds that License No. G 8 to conduct business as a competitive service provider of natural gas shall be cancelled and reissued in the name of WGL Energy Services, Inc. The Commission also finds that License No. E-6 to conduct business as a competitive service provider of electricity shall be cancelled and reissued in the name of WGL Energy Services, Inc.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-8 authorizing Washington Gas Energy Services, Inc., to provide competitive natural gas service to all customer classes throughout the Commonwealth of Virginia is hereby cancelled and shall be reissued as License No. G-8A in the name of WGL Energy Services, Inc.
- (2) License No. E-6 authorizing Washington Gas Energy Services, Inc., to provide competitive electric service to all customer classes throughout the Commonwealth of Virginia is hereby cancelled and shall be reissued as License No. E-6A in the name of WGL Energy Services, Inc.
- (3) WGL Energy Services, Inc., shall operate under these licenses pursuant to the same terms and conditions as set forth in our Order Granting License entered in this docket on October 31, 2001.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

**CASE NO. PUE-2001-00584
JULY 8, 2015**

APPLICATION OF
CONSTELLATION NEWENERGY, INC

For a permanent license to conduct business as a natural gas competitive service provider

ORDER CANCELLING LICENSES

By its Order dated December 14, 2001, the State Corporation Commission ("Commission") issued to AES NewEnergy, Inc. ("AES"), License Nos. E-11 and A-12. Under License No. E-11, AES was authorized to provide competitive electric services to commercial and industrial customers throughout the Commonwealth of Virginia. Under License No. A-12, AES was authorized to provide natural gas aggregation services to commercial and industrial customers throughout the Commonwealth of Virginia. Following the acquisition and purchase of AES NewEnergy, Inc., by Constellation Energy Group, Inc. ("CEG"), in September of 2002, AES and CEG jointly filed with the Commission on October 8, 2002, to indicate the name change of the certificated entity under License Nos. E-11 and A-12 to Constellation NewEnergy, Inc. ("CNE" or "Company"). By Commission Order Reissuing Licenses dated December 10, 2002, the Commission cancelled License No. E-11 in the name of AES and reissued License No. E-11A in the name of Constellation NewEnergy, Inc. In that same order, the Commission cancelled License No. A-12 in the name of AES and issued License No. A-12A in the name of CNE.

On September 22, 2003, CNE filed an application with the Commission for a license to provide competitive natural gas services pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). On November 4, 2003, the Commission issued its Order Granting License, which granted License No. G-18 to the Company for the provision of competitive natural gas services to commercial and industrial retail customers in retail access programs throughout the Commonwealth of Virginia.

On June 18, 2015, CNE filed a letter, pursuant to 20 VAC 5-312-80 of the Retail Access Rules, respectfully requesting that the Commission withdraw CNE's authority as a competitive natural gas supplier as granted in the Commission's Order dated November 4, 2003. CNE stated that it has not had any natural gas customers in Virginia for at least the past five years, nor has it engaged in any natural gas marketing during the same period. However, the Company further noted that natural gas service is being provided through a number of licensed CNE affiliates, which would be maintaining their licenses. On June 23, 2015, CNE filed another letter to clarify that it also sought to have the Commission withdraw authority under License No. A-12A for natural gas aggregation services. The Company still intends to maintain its competitive electric supplier license, E-11A.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that License Nos. G-18 and A-12A issued to CNE should be cancelled. The Commission further finds that this proceeding should remain open to receive any requests for amendments to or reports required in this case for CNE's remaining License E-11A.

Accordingly, IT IS ORDERED THAT:

- (1) License No. G-18, issued to Constellation NewEnergy, Inc., to conduct business as a natural gas competitive service provider to commercial and industrial customers throughout the Commonwealth of Virginia, is hereby cancelled.
- (2) License No. A-12A, issued to Constellation NewEnergy, Inc., to provide natural gas aggregation services to commercial and industrial customers throughout the Commonwealth of Virginia, is hereby cancelled.
- (3) This matter is continued.

**CASE NOS. PUE-2005-00115 & PUE-2012-00019
JULY 17, 2015**

APPLICATION OF

CAROLINE WATER COMPANY, INC.
D/B/A LADYSMITH WATER COMPANY

For changes in rates, rules and regulations

AND

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

v.

CAROLINE WATER COMPANY, INC.
D/B/A LADYSMITH WATER COMPANY

ORDER

On February 7, 2011, the State Corporation Commission ("Commission") issued an Order in Case No. PUE-2005-00115 that, among other things, directed Caroline Water Company, Inc. d/b/a Ladysmith Water Company ("Caroline Water" or the "Company"), to make its emergency water connection to the Caroline County system permanent and to file a rate case to govern the rates, terms and conditions for water service to its customers.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On September 28, 2012, the Commission issued an Order on Rule to Show Cause in Case No. PUE-2012-00019 that imposed penalties on the Company and its President, William Seltzer, for certain violations of its Order in Case No. PUE-2005-00115. The Commission also directed the Company to place the salary that would otherwise have been paid to Mr. Seltzer in escrow pending the outcome of the rate case directed in Case No. PUE-2005-00115.

On December 16, 2013, in Case No. PUE-2013-00047, the Commission approved the acquisition by Aqua Virginia, Inc. ("Aqua") of the Company's utility assets. On June 3, 2015, Caroline Water filed a Motion to Release Escrowed Salary Funds ("Motion"), seeking the return to Mr. Seltzer of those funds held in escrow pursuant to the September 28, 2012 Order on Rule to Show Cause. On July 13, 2015, Caroline Water filed a Request for Hearing, asking the Commission to convene a hearing on its Motion.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the funds currently held in escrow pursuant to the Commission's September 28, 2012 Order on Rule to Show Cause should be returned to William Seltzer. Given that the transaction between Aqua and Caroline Water has now closed, the escrow requirement in the September 28, 2012 Order is now unnecessary. Because Caroline Water no longer owns the utility assets, we further find that Caroline Water's rate application in Case No. PUE-2005-00115 should be dismissed. As we are closing these proceedings and directing the return of the escrowed funds, we will deny Caroline Water's Request for Hearing.

Accordingly, IT IS ORDERED THAT:

(1) All funds currently held in escrow pursuant to the Commission's September 28, 2012 Order on Rule to Show Cause in Case No. PUE-2012-00019 shall be released and returned to William Seltzer.

(2) Caroline Water's Request for Rehearing is denied.

(3) Case Nos. PUE-2005-00115 and PUE-2012-00019 are dismissed from the Commission's docket and shall be placed in closed status in the records maintained by the Clerk of the Commission.

**CASE NOS. PUE-2007-00060, PUE-2007-00061, PUE-2007-00062,
PUE-2007-00063, & PUE-2007-00065
AUGUST 14, 2015**

JOINT PETITION OF
A&N ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of purchase and sale of service territory and facilities

JOINT APPLICATION OF
A&N ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of certificates of public convenience and necessity

JOINT PETITION OF
OLD DOMINION ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of purchase and sale of transmission facilities

JOINT APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE
and
DELMARVA POWER & LIGHT COMPANY

For approval of certificates of public convenience and necessity

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For approval of special rates

ORDER DISMISSING CASES

On October 19, 2007, the State Corporation Commission ("Commission") entered an Order Approving Applications in the above cases.

NOW THE COMMISSION, having reviewed the above cases, finds that no action remains to be done in any of these dockets, and they are now hereby dismissed.

**CASE NO. PUE-2007-00089
APRIL 6, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For expedited approval of conservation, energy efficiency, education, demand response and load management pilots

ORDER CLOSING PROCEEDING

On September 18, 2007, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed an application with the State Corporation Commission ("Commission") pursuant to §§ 56-234 and 56-235.2 of the Code of Virginia for approval to implement new pilots in its Virginia service territory. Specifically, Dominion Virginia Power requested approval of nine pilots: (i) Standard Residential In-Home Energy Audits; (ii) ENERGY STAR® Qualified Homes Energy Audits; (iii) Energy Efficiency Welcome Kits; (iv) PowerCost Monitor pilot; (v) Small Commercial On-Site Energy Audits; (vi) Direct Load Control – Outdoor Air-Conditioning Control Device; (vii) Programmable Thermostats – Indoor Air-Conditioning Control Device; (viii) Programmable Thermostats with Advanced Metering Infrastructure and Critical Peak Pricing; and (ix) Distributed Generation/Load Curtailment Pilot.¹ In addition to these nine pilots, Dominion Virginia Power requested approval to continue its participation in a compact fluorescent lights price reduction program.²

The Company requested approval for seven of the pilots to continue through December 2008. The Company sought approval of the Programmable Thermostats with Advanced Metering Infrastructure and Critical Peak Pricing Pilot through May 2009, and sought approval of the Distributed Generation/Load Curtailment Pilot through December 31, 2014. The Company also requested approval to continue its participation in the compact fluorescent lights price reduction program through 2009.³

On January, 17, 2008, the Commission issued a Final Order in this case. In its Final Order, the Commission approved Dominion Virginia Power's application to implement the nine pilots and to continue participation in the compact fluorescent lights price reduction program for the time periods proposed. The Commission directed the Company to file quarterly reports with the Clerk of the Commission commencing July 1, 2008, and to file a detailed and comprehensive report, including specific plans to expand or alter each pilot program, within 90 days following the end of each pilot. The Commission further determined that the case should remain open to receive the required reports.⁴

On March 31, 2015, Dominion Virginia Power filed a report following the conclusion of the Distributed Generation/Load Curtailment Pilot, which was the last remaining operative pilot program. With this March 31, 2015 filing, Dominion Virginia Power has filed quarterly and final reports for each pilot in accordance with the January 17, 2008 Final Order (as amended by several subsequent Commission Orders).⁵

NOW THE COMMISSION, upon consideration of this matter, finds that all reporting requirements have been fulfilled and that there is nothing further to come before the Commission. The Commission therefore finds that this proceeding should be dismissed.

Accordingly, IT IS ORDERED THAT this proceeding is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

Commissioner Dimitri did not participate in this matter.

¹ Application at 1, 3.

² *Id.* at 5.

³ *Id.* at 3, 5.

⁴ *Application of Virginia Electric and Power Company, For expedited approval of conservation, energy efficiency, education, demand response, and load management pilots*, Case No. PUE-2007-00089, 2008 S.C.C. Ann. Rept. 425, 429, Final Order (Jan. 17, 2008).

⁵ *See, e.g., Application of Virginia Electric and Power Company, For expedited approval of conservation, energy efficiency, education, demand response, and load management pilots*, Case No. PUE-2007-00089, Order Granting Motion to Revise Quarterly Reporting Schedule (Apr. 6, 2010); *Application of Virginia Electric and Power Company, For expedited approval of conservation, energy efficiency, education, demand response, and load management pilots*, Case No. PUE-2007-00089, Order Granting Motion for Extension to File Quarterly Report (Nov. 5, 2009).

**CASE NO. PUE-2010-00135
DECEMBER 18, 2015**

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 "Programs" or "Pilot Programs").¹ In establishing the Pilot Programs, Chapter 816 further directs the Commission to determine the scope of the Programs, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Programs.

On August 19, 2009, the Commission established Case No. PUE-2009-00084,² and its Order for Notice and Comment, among other things, docketed the matter, established a procedural schedule, directed Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or the "Company") and Appalachian Power Company ("APCo") to file written comments concerning the issues in the proceeding and directed the Staff of the Commission ("Staff") to review the comments and file a report thereon.

On July 30, 2010, the Commission issued an Order in Case No. PUE-2009-00084 ("July 30, 2010 Order") finding, in part, that Dominion Virginia Power, as one of the two investor-owned utilities with the largest number of customers in the Commonwealth, should establish Pilot Programs under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the utility at dynamic rates. The July 30, 2010 Order, among other things, directed Dominion Virginia Power to file with the Commission the details of its Pilot Programs within 60 days.

On September 30, 2010, Dominion Virginia Power 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. The Company stated that it would begin enrollment of eligible customers³ in the Pilot Program 90 days from Commission approval but no earlier than April 1, 2011. The Company proposed to keep the Pilot Program in effect until November 30, 2013. Dominion Virginia Power also requested approval to begin deferring incremental costs related to the Pilot Program, projected to be approximately \$2.9 million, for future recovery in a cost recovery rate adjustment clause pursuant to § 56-585.1 A of the Code of Virginia ("Code").

By order issued on December 3, 2010 ("December 3, 2010 Order"), in Case No. PUE-2009-00084, the Commission directed that review of the proposed Pilot Programs of APCo and Dominion Virginia Power be separated into individually docketed proceedings for further consideration, to include notice to the public of the details of the proposed Programs, with an opportunity for the public to comment or request a hearing on the Pilot Programs defined in the September filings. The December 3, 2010 Order in Case No. PUE-2009-00084 further directed that Dominion Virginia Power's filing on September 30, 2010, be moved into a newly established proceeding, 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. The April 8, 2011 Order also authorized the Company to begin deferring incremental costs associated with the Pilot Program; however, the Commission made no finding regarding any recovery of costs incurred by the Company for the Pilot Program.

On March 22, 2013, Dominion Virginia Power 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 Pilot enrollment limit of 3,000 participants consisting of an additional 1,000 residential customers for a total Pilot 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.

On July 31, 2015, the Company filed a Petition to Extend the Dynamic Pricing Pilot ("Petition"). In its Petition, the Company seeks Commission approval to extend the Dynamic Pricing Tariffs and Dynamic Pricing Pilot beyond the current approved January 31, 2016 expiration date, through and including July 31, 2017.⁴ The Company also seeks Commission approval to continue incurring Pilot expenses. The Company states that the extension of the Pilot will not require an incremental budget over that presented in the original application, and estimates that continuing the Pilot through July 31, 2017, will bring the total Pilot cost to approximately \$2.0 million versus an original anticipated pilot spend of \$2.9 million.⁵

On October 28, 2015, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, provided interested persons an opportunity to request a hearing and submit comments on the Petition, and directed the Staff to review the Petition and file a Staff Report presenting its findings and recommendations.

On November 12, 2015, the Staff filed its Staff Report, concluding that:

¹ As defined by § 1 of Chapter 816, the purpose of the Programs is:

to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

² *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 Programs (July 20, 2010).

³ 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.

⁴ Petition at 2.

⁵ *Id.*

Dominion Virginia Power's extended Pilot Program will not unreasonably prejudice or disadvantage any customer or class of customers; will not jeopardize the continuation of adequate and reliable electric service; and otherwise complies with the directives established by the Commission in its July 30, 2010 Order, April 8, 2011 Order and August 26, 2013 Order. As such, the Staff is not opposed to the Company's request to extend the Pilot Program through and including July 31, 2017.⁶

Staff noted that the Company's Petition seeks authority to continue to defer costs related to the Pilot Program through July 31, 2017, over seven years after deferral of such costs began, and has not identified when it plans to request recovery of the deferred costs through a rate adjustment clause.⁷ Staff stated that continuing to accumulate deferred costs for extended periods without a recovery mechanism may not comply with the Code's "timely and current" provision. The Staff did not oppose the Company's request to continue the deferral of Pilot Program costs; however, the Staff stated that "[s]hould the Company request recovery of carrying costs in the future, Staff will address any such proposal at the time of such request."⁸

On November 17, 2015, Utility Management Services, Inc. ("UMS"), filed comments on the Petition. According to UMS, the Commission should direct the Company to offer dynamic pricing tariffs on a permanent basis to all service customer classes, in order to "ensure that the purpose of Chapter 816 is realized."⁹

On November 19, 2015, the Company filed its response to the Staff Report and UMS. The Company supports Staff's view that the pilot program should be extended, but opposes UMS' request that the programs be made permanent. According to the Company, "the proposed extension will allow the Company to make a more informed decision - based on additional data within the existing Pilot budget - on whether and how to present one or more permanent offerings for the Commission's consideration."¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's proposal to expand, extend and modify the Pilot Program 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. Accordingly, we find that the Company's Petition should be approved. With regard to UMS' request that the dynamic pricing tariffs be made permanent, we note that initial approval of these tariffs as a pilot program was made pursuant to § 56-234 of the Code, which permits limited rate design tests or experiments. At this time, however, we find that the pilot should be continued, and additional data collected, before determining whether these tariffs should be made permanent.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion Virginia Power's Petition hereby is approved and the Pilot Program shall be extended, expanded and modified as proposed therein.
- (2) Utility Management Services, Inc.'s request that the Company be directed to offer dynamic pricing tariffs on a permanent basis is denied.
- (3) The Company may continue to defer incremental costs associated with the Pilot Program. However, the Commission makes no finding regarding any recovery of costs incurred by the Company for the Pilot Program.
- (4) The Company shall continue to submit an annual report to the Commission each year that the Pilot Program is in effect that includes, but is not limited to, the number of participants in the Pilot Program, an assessment of the feasibility and implications on the public interest of continuing the Pilot Program, and any information relevant to the Pilot Program requested by Staff. The Company's final annual report shall include a protocol, developed with input from Staff and other interested parties, for determining the Pilot Program's effect on customer modification of electricity consumption and the Company's methods for determining any associated material revenue loss or migration revenue adjustments.
- (5) The Company shall obtain further Commission approval before changing the Pilot Program.
- (6) This case shall remain open to receive the reports required by this Order.

⁶ Staff Report at 7.

⁷ *Id.* at 6.

⁸ *Id.*

⁹ UMS Comments at 7.

¹⁰ Dominion Virginia Power Response at 4.

**CASE NO. PUE-2011-00087
OCTOBER 30, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to issue debt securities

ORDER CLOSING PROCEEDING

By Order Granting Authority dated August 11, 2011, the State Corporation Commission ("Commission") authorized Washington Gas Light Company ("WGL" or "Applicant"), pursuant to Chapter 3 of Title 56¹ of the Code of Virginia (the "Code") to issue up to \$450 million of short-term debt, to issue up to \$490 million of long-term debt, and to enter into hedging transactions from time to time between October 1, 2011, and September 30, 2014. The Applicant was required to file reports with respect to the authority granted by the Commission.

WGL filed the reports of action required by the Commission. According to the reports, maximum short-term borrowings during the authorization period were \$255.97 million from November 29, 2013, through December 1, 2013. WGL also issued notes in two transactions during the authorization period totaling \$175.0 million in principal. Specifically, on December 5, 2013, WGL issued \$75.0 million of 5.00% coupon rate, Series J, 30-year medium term notes, and on September 14, 2014, WGL issued \$100.0 million of 4.224% coupon, Series J, 30-year medium term notes. WGL also reported it had executed an interest rate swap transaction on July 18, 2013, which was unwound on December 2, 2013, after the \$75.0 million in medium term notes were priced, which resulted in a gain of approximately \$1.23 million. WGL sought and received subsequent borrowing and hedging authority through Case No. PUE-2014-00060.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that Applicant's actions appear to be consistent with the authority granted.

Accordingly, IT IS ORDERED THAT, there appearing nothing further to be done, this matter is hereby dismissed and removed from the Commission's docket of active cases.

¹ Section 56-55 *et seq.*, of the Code.

**CASE NO. PUE-2012-00007
NOVEMBER 3, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a Certificate of Public Convenience and Necessity Authorizing Operation of the Falling Branch-Merrimac 138 kV Transmission Line

ORDER

By Order issued December 21, 2012, the State Corporation Commission ("Commission") granted authority to Appalachian Power Company ("Appalachian" or "Company") to construct and operate the Company's proposed new overhead 138 kilovolt ("kV") transmission line between its existing Falling Branch and Merrimac substations, located primarily in Montgomery County, Virginia, with a small portion located in the Town of Christiansburg, Virginia.¹ The proposed project requires work at the Company's existing Falling Branch, Merrimac, and Edgemont substations.²

Ordering Paragraph (5) of the Order states: "The transmission line and associated substation work approved herein must be constructed and in service within 36 months of the date of this Order, provided, however, that the Company is granted leave to apply for an extension for good cause shown."³

On October 7, 2015, the Company filed a Motion for Extension of Date for Completion of Construction ("Motion"). In its Motion, the Company states, among other things, that, "Appalachian has experienced unanticipated delays in grading and wall construction due to unusually wet conditions at the Merrimac Substation site during the spring of 2015."⁴ Appalachian asserts that while the Company has "made significant progress developing the project since the issuance of the Order, [the Company] expects to place the Falling Branch-Merrimac 138 kV transmission line and associated improvements at the Falling Branch and Merrimac Substations in service by December 21, 2015."⁵ However, the Company asserts that because the upgrades at the Edgemont Substation cannot be completed until the work at the Falling Branch and Merrimac substations is completed and the new Falling Branch-Merrimac line is energized, the Company currently estimates that it will complete the work at Edgemont Substation by June 30, 2016.⁶ Notwithstanding, the Company is

¹ *Application of Appalachian Power Company, For a Certificate of Public Convenience and Necessity Authorizing Operation of the Falling Branch-Merrimac 138 kV Transmission Line*, Case No. PUE-2012-00007, 2012 S.C.C. Ann. Rept. 380, Order (Dec. 21, 2012).

² *See, e.g., id.* at 384.

³ *Id.* at 387.

⁴ Motion at 1-2.

⁵ *Id.* at 2.

⁶ *Id.*

concerned about the potential for future weather delays.⁷ Accordingly, Appalachian requests, through its Motion, that the Commission extend the date for completion of the project by 9 months to September 21, 2016, with the right to request a further extension for good cause shown.⁸

The Commission received no responses to the Company's Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (5) of the Commission's December 21, 2012 Order shall be revised as follows:

The transmission line and associated substation work approved herein must be constructed and in service by September 21, 2016; provided, however, the Company is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Commission's December 21, 2012 Order in this case shall remain unchanged.

⁷ *Id.*

⁸ *Id.*

CASE NO. PUE-2012-00029 DECEMBER 22, 2015

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station

ORDER

On June 11, 2012, 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 an electric transmission project, or for approval and certification of an alternative transmission project ("Application"). In its Application, Dominion proposed to construct: (a) a new overhead 500 kilovolt ("kV") electric transmission line from the Company's existing 500 kV-230 kV Surry Switching Station in Surry County to a new 500 kV-230 kV-115 kV Skiffes Creek Switching Station in James City County ("Surry-Skiffes Creek Line"); (b) the Skiffes Creek Switching Station ("Skiffes Station"); (c) a new 230 kV line in the Counties of James City and York and the City of Newport News, from the proposed Skiffes Station to the Company's existing Wheaton Substation located in the City of Hampton ("Skiffes Creek-Wheaton Line"); and (d) additional facilities at the existing Surry Switching Station and Wheaton Substation.¹

On November 26, 2013, February 28, 2014, and April 10, 2014, the Commission issued orders in this proceeding that, among other things, granted the Company's Application and approved certificates of public convenience and necessity for the Certificated Project, subject to the requirements set forth in such orders. The Commission's February 8, 2014 Order Amending Certificates in this proceeding included Ordering Paragraph (5), which states as follows:

The construction approved herein must be completed and in service by December 31, 2015, provided, however, that Dominion is granted leave to apply for an extension for good cause shown.²

On December 1, 2015, Dominion filed a Motion for Extension of Construction and In-Service Date ("Motion") by which the Company requests an extension of the December 31, 2015 date included in Ordering Paragraph (5). Specifically, the Company requests that the Commission:

extend the date for completion of construction and placement in service of the Certificated Project until the date twenty (20) months after the date on which the [U.S. Army Corps of Engineers ("Army Corps")] issues a construction permit for the Certificated Project, and continue to allow the Company to be granted leave to apply for further extension of this date for good cause shown.³

¹ The Surry-Skiffes Creek Line, the Skiffes Station, the Skiffes Creek-Wheaton Line, and the additional proposed facilities are herein referred to collectively as the "Certificated Project."

² February 28, 2014 Order Amending Certificates at 19. The Commission's November 26, 2013 Order in this proceeding included a similar provision with an in-service date of June 1, 2015, which the Order Amending Certificates subsequently extended to December 31, 2015.

³ Motion at 9.

In support of its Motion, Dominion indicates, among things, that: (1) the Company must obtain a construction permit from the Army Corps, which has been pending since March of 2012;⁴ (2) the delay associated with the Army Corps permitting process has impacted the timing of state and local permitting activities;⁵ and (3) the Company estimates that the Certificated Project can be completed and placed in service within twenty (20) months after the date on which the Army Corps issues a construction permit.⁶

On December 4, 2015, the Commission issued an Order establishing the dates for any responses to Dominion's Motion, and any reply, to be filed. Additionally, the Order temporarily suspended, pending the Commission's ruling on the Motion, the December 31, 2015 completion and in-service date that is the subject of the Company's Motion.

No response to Dominion's Motion was filed.

NOW THE COMMISSION, having considered this matter, finds that the Company's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Dominion's December 1, 2015 Motion is hereby granted.

(2) The December 31, 2015 completion and in-service date in Ordering Paragraph (5) of the February 28, 2014 Order Amending Certificates in this proceeding is extended until the date twenty (20) months after the date on which the Army Corps issues a construction permit for the Certificated Project, provided, however, that Dominion is granted leave to apply for extension of this date for good cause shown.

(3) This matter is continued generally.

⁴ *Id.* at 4-5.

⁵ *Id.* at 5-8.

⁶ *Id.* at 8. The Motion also states that Dominion has been authorized to advise the Commission of the positions of parties to this proceeding on the Motion, one of which, James River Association, the Company indicated opposes its Motion. As represented by the Company, other parties support, do not oppose, or take no position on the Motion at the time of its filing. *Id.* at 8-9.

**CASE NO. PUE-2012-00065
MAY 5, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

For approval and certification of electric transmission facilities in Prince William County and the City of Manassas: Cloverhill – Liberty 230 kV Transmission Line, Liberty Loop 230 kV Double Circuit Transmission Line, and 230-115 kV Liberty Substation

ORDER

On June 29, 2012, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and certification of electric transmission facilities pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia for the Cloverhill-Liberty 230 kV Transmission Line, the Liberty Loop 230 kV Double Circuit Transmission Line, and the 230-115 kV Liberty Substation (collectively, the "Project").

Ordering Paragraph (5) of the Commission's April 17, 2013 Final Order ("Final Order") required that the new transmission lines and substation be constructed and placed in service by May 1, 2015, but granted leave for the Company to apply for an extension for good cause shown. On April 21, 2015, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion") requesting that the Commission extend the construction and in-service date for the Project from May 1, 2015, to June 1, 2015.

In its Motion, the Company states that it "has made significant progress and is in the process of fully energizing the Project, [but it] will not be able to complete the Project in its entirety by the deadline of May 1, 2015."¹ Dominion Virginia Power submits that the requested extension will not prejudice any person or party.²

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant Dominion Virginia Power's Motion.

¹ Motion at 2.

² *Id.* at 3.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (5) of the Final Order hereby is revised as follows:

The new transmission lines and substation approved herein must be constructed and in service by June 1, 2015. The Company, however, is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Final Order shall remain unchanged and in full force and effect.

**CASE NO. PUE-2013-00011
SEPTEMBER 4, 2015**

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

Ex Parte: In the matter of investigating the toll rates of Toll Road Investors Partnership II, L.P., under § 56-542 D of the Code of Virginia

ORDER CONCLUDING INVESTIGATION

On January 30, 2013, in response to complaint letters filed by the Honorable David I. Ramadan, Member, Virginia House of Delegates ("Delegate Ramadan"), the State Corporation Commission ("Commission") issued an Order Initiating Investigation, which docketed this proceeding for the purpose of investigating the toll rates of Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway ("Greenway"). The Order Initiating Investigation, among other things, assigned the investigation to a Hearing Examiner for further proceedings.

In addition, the Order Initiating Investigation stated as follows:

By way of inclusion but not limitation, the participants in this case, including the Commission's Staff ("Staff"), are requested to address and define with specificity the standards that the Commission should apply for each of these three requirements [in § 56-542 D of the Code of Virginia ("Code")]. For example, what must be established for each requirement – both legally and factually – for the Commission to find that these three concurrent criteria have been fulfilled such that the Commission may substitute toll rates in accordance with § 56-542 D of the Code. In addition, as part of addressing with specificity each of the three listed criteria in § 56-542 D, the participants (including Staff) are requested to explain, based on a detailed analysis of the law and the facts, why the current toll rates do or do not meet such criteria.¹

Pursuant to several Rulings of the Hearing Examiner, local hearings were held in Purcellville and Sterling, Virginia, on April 9 and June 6, 2013, respectively, and in the Commission's Courtroom in Richmond, Virginia, on July 18 and September 24, 2013, to receive testimony from public witnesses. The evidentiary hearing in this investigation, during which the testimony and exhibits of the parties and Staff were introduced and received into the record, was held on November 12 through 15, and December 19, 2013, in the Commission's Courtroom.

On January 30, 2014, the Hearing Examiner issued her report ("Report"), which contained findings and recommendations regarding this investigation. On April 2, 2014, Delegate Ramadan filed a Motion for Continuance ("2014 Motion") pursuant to § 30-5 of the Code,² requesting "a continuance of the briefing schedule in [this]...matter" and requesting "that the deadline be set not less than thirty days after the end of the 2014 General Assembly Special Session...."³ In his 2014 Motion, Delegate Ramadan noted that the Special Session of the General Assembly began on March 24, 2014, and that the Special Session was scheduled to reconvene on April 7, 2014.⁴ On April 4, 2014, the Commission issued an Order Granting Motion, continuing the deadline for filing written comments to the Hearing Examiner's Report for thirty (30) days from the adjournment of the 2014 Special Session of the General Assembly ("2014 Special Session"). The 2014 Special Session adjourned on January 14, 2015. As a result, the deadline for filing written comments to the Hearing Examiner's Report was February 13, 2015.

¹ Order Initiating Investigation at 3.

² Section 30-5 of the Code states, in part:

Any party to an action or proceeding in any court . . . who is an officer, employee or member or member-elect of the General Assembly . . . or who has, prior to or during the session of the General Assembly, employed or retained to represent him in such action or proceeding an attorney who is or becomes an officer, employee or member or member-elect of the General Assembly or employee of the Division of Legislative Services, shall be entitled to a continuance as a matter of right (i) during the period beginning 30 days prior to the commencement of the session and ending 30 days after the adjournment thereof . . .

Any pleading or the performance of any act relating thereto required to be filed or performed by any statute or rule during the period beginning 30 days prior to the commencement of the session and ending 30 days after the adjournment of the session shall be extended until not less than 30 days after any such session.

³ 2014 Motion at 2. Delegate Ramadan's counsel of record, William M. Stanley, is a member of the Senate of Virginia. Senator Stanley's partner, Aaron B. Houchens, also counsel of record for Delegate Ramadan, is an employee of the General Assembly as Senator Stanley's legislative aide. *Id.* at 1.

⁴ *Id.* at 1-2.

On February 10, 2015, Delegate Ramadan filed a Motion for Continuance ("2015 Motion") pursuant to § 30-5 of the Code, again requesting a continuance of the briefing schedule in this matter and requesting "that the deadline be set not less than thirty days after the end of the 2015 General Assembly Regular Session...."⁵ In his 2015 Motion, Delegate Ramadan noted that the 2015 General Assembly Session began on January 14, 2015, and was expected to adjourn on March 1, 2015.⁶ On February 11, 2015, the Commission issued an order granting the 2015 Motion.

On March 30, 2015, the following participants filed comments on the Hearing Examiner's Report: Delegate Ramadan; TRIP II; Board of Supervisors of Loudoun County; and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. The Commission has fully considered the arguments and evidence presented in this case.⁷ The Commission finds that the proposed new tolls are not required to be substituted for existing tolls as a result of the instant investigation, and that the investigation shall be concluded.⁸

The Commission initiated this investigation under § 56-542 D of the Code, which provides as follows:

D. The Commission also shall have the duty and authority to approve or revise the toll rates charged by the operator. Initial rates shall be approved if they appear reasonable to the user in relation to the benefit obtained, not likely to materially discourage use of the roadway and provide the operator no more than a reasonable rate of return as determined by the Commission. Thereafter, the Commission, upon application, complaint or its own initiative, and after investigation, may order substituted for any toll being charged by the operator, a toll which is set at a level which is reasonable to the user in relation to the benefit obtained and which will not materially discourage use of the roadway by the public and which will provide the operator no more than a reasonable return as determined by the Commission.

The Commission most recently substituted new tolls pursuant to the requirements of § 56-542 D in 2007.⁹

In addition, § 56-542 I of the Code further directs as follows:

I. 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 CPI, 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 GDP, 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.

3. Any request by the operator for an increase in the toll rates by a greater percentage than as provided in subdivision I 1 shall be considered for approval by the Commission only upon presentation of an independent grade traffic and revenue study and a finding by the Commission that (a) toll rates subject to the preceding paragraph will not be sufficient to permit the operator to maintain the minimum coverage ratio set forth in the rate covenant provisions of its bond indenture or similar credit agreement, (b) such greater proposed tolls are reasonable to the user in relation to the benefit obtained and will not materially discourage use of the roadway by the public, and (c) such greater proposed tolls provide the operator no more than a reasonable rate of return as determined by the Commission; however, the Commission shall not approve an increase in the toll rates pursuant to this subdivision that exceeds the percentage increase necessary to permit the operator to maintain the minimum coverage ratio described in clause (a). Such request by an operator shall not be made as a result of a change in control of the operator or the project roadway. As used herein, a "change in control of the operator" means the sale or transfer of 25 percent or more of the assets of the operator or the acquisition or

⁵ 2015 Motion at 2.

⁶ *Id.* at 1.

⁷ The Order Initiating Investigation did not impose a burden of proof on any participant for purposes of this proceeding. Accordingly, the Commission has made its findings herein based on its consideration of the evidence and arguments in the record, and has not placed a threshold burden on any participant.

⁸ The Commission's findings are based on the record developed in this proceeding (the evidentiary portion of which was closed at the conclusion of the hearing in December 2013), which was suspended for over a year as a result of statutorily-required delays. Since the Commission has decided to close this investigation without substituting new tolls, we do not reach questions touching on the continuing efficacy of the evidentiary record for purposes of supporting a Commission-mandated substitution of new tolls at this date.

⁹ *Application of Toll Road Investors Partnership II, L.P., Application For an Increase in the Maximum Authorized Level of Tolls*, Case No. PUE-2006-00081, 2007 S.C.C. Ann. Rept. 346, Final Order (Sept. 11, 2007).

disposal of 25 percent or more of the outstanding shares of stock of the operator, if it is a corporation, or analogous interest if the operator is another form of entity.¹⁰

The Commission approved increased tolls in 2013, 2014, and 2015 as required by the formula set forth in § 56-542 I.¹¹ This Code section does not provide the Commission with the discretion to deny toll rate increases that comport with the statutory formula.

The Order Initiating Investigation asked the participants "to address and define with specificity the standards that the Commission should apply for each of these three requirements [in § 56-542 D]."¹² After consideration of the record, the Commission finds that it is reasonable not to define further the three requirements in § 56-542 D. The record shows that application of each of the three requirements may include a fact-intensive analysis. We conclude that further defining the standards for each of the requirements is unnecessary and may unreasonably limit the relevant facts that interested parties may present – now or in future proceedings – for consideration under the three statutorily-mandated criteria.

Pursuant to the Order Initiating Investigation, we have investigated whether the current tolls are "reasonable to the user in relation to the benefit obtained." We have considered all of the evidence, including Delegate Ramadan's evidence and his objections to the evidence presented by the Company and Staff. We conclude that the benefits reflected in the AECOM Report proffered by TRIP II, as well as Mr. Goldfarb's peer review analysis and the testimony of Mr. Yelds, are sufficient to support a finding that the Company's tolls are reasonable to the user in relation to the benefit obtained.¹³ In addition, the Company's AECOM Report and econometrics are further supported by Staff's testimony that "[i]n general, the cost/benefit methodology employed by AECOM conforms to industry practices, and its results are reasonable," and that "[s]imilarly, the estimation of the Greenway demand elasticities was conducted using well known econometric methods."¹⁴

The Commission also finds that an analysis of benefits under this statute need not be limited to a calculation dependent upon the miles travelled. There will be different benefits to different users at different times of the day. For example, when looking specifically at the eastern portion of the Greenway that is adjacent to the Dulles Toll Road (which Delegate Ramadan does in much of his analysis), there is evidence that this portion of the Greenway is already near maximum capacity during peak periods.¹⁵

In addition, contrary to Delegate Ramadan's request, the statute does not require the Commission to perform a regulatory cost causation analysis. Section 56-542 D is not the typical public utility ratemaking statute under which the Commission is required to regulate monopoly rates. The Greenway is not a public utility, does not have an exclusive territory or the power of eminent domain,¹⁶ does not have a monopoly with respect to the transportation routes used by motorists, and is subject to competitive pressures.¹⁷ The criteria in § 56-542 D are unique to the Greenway, and the plain language thereof does not require tolls to be set based on a cost causation standard.

Furthermore, we agree with TRIP II that the statute does not require an absolute pass-fail test, where the toll must show some type of *quantifiable* cost-effective benefit. The statutory term "reasonable to the user in relation to the benefit obtained" is broader than that, and it may reasonably include any number of difficult-to-quantify benefits (including reliability and "peace of mind from driving on a well-maintained, limited access highway").¹⁸ Based on the evidence presented by TRIP II (both quantitative and qualitative), we have concluded that the tolls – individually and collectively – meet the statutory requirements under § 56-542 D.¹⁹

Pursuant to the Order Initiating Investigation, we have also investigated whether the Company's current tolls "will not materially discourage use of the roadway by the public." In this context, the plain meaning of "materially" is "3: to a significant extent or degree."²⁰ Based on the evidence submitted

¹⁰ Since the Commission finds that the proposed new tolls are not required to be substituted for existing tolls as a result of this investigation, we do not reach the question of whether § 56-542 I prohibits the Commission from substituting new tolls under § 56-542 D until after January 1, 2020.

¹¹ *Application of Toll Road Investors Partnership II, L.P., For an increase in tolls pursuant to § 56-542 I of the Code of Virginia*, Case No. PUE-2012-00136, 2013 S.C.C. Ann. Rept. 334, Final Order (Jan. 16, 2013); *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-2013-00139, 2014 S.C.C. Ann. Rept. 362, Final Order (Apr. 8, 2014); *Application of Toll Road Investors Partnership II, L.P., For an increase in tolls pursuant to § 56-542 I of the Code of Virginia*, Case No. PUE-2014-00129, Doc. Con. Cen. No. 150220297, Final Order (Feb. 25, 2015).

¹² Order Initiating Investigation at 3. Delegate Ramadan, in his comments on the Hearing Examiner's Report, asserts that the Hearing Examiner failed to recommend specific standards for each requirement. *See, e.g.*, Response of David I. Ramadan to the Report of Hearing Examiner Berkebile ("Ramadan Response") at 41, 50, 85.

¹³ *See, e.g.*, Report at 56-58; Ex. 16 (Yelds Direct); AECOM Report (attached to Ex. 16); Ex. 31 (Goldfarb Rebuttal).

¹⁴ Ex. 3 (Carsley) at 25.

¹⁵ *See, e.g.*, Ex. 5 (Sines Direct) at 7; AECOM Report (attached to Ex. 16) at 3; Ex. 24 (Sines Rebuttal) at 6-7; Tr. 1009-1015.

¹⁶ Section 56-541 of the Code.

¹⁷ *See, e.g.*, Report at 61 n.146, 65 n.177; Ex. 5 (Sines Direct) at 3-4, 6; Ex. 3 (Carsley) at 11-12; Ex. 20 (TRIP II Travel Time Surveys).

¹⁸ *See, e.g.*, Comments and Limited Exceptions of Toll Road Investors Partnership II, L.P. to the Report of A. Ann Berkebile, Hearing Examiner ("TRIP II Comments") at 10-13. Further in this regard, and consistent with our finding that § 56-542 D does not require an absolute pass-fail test, we conclude that there is evidence to support a finding, contrary to the Hearing Examiner's conclusion, that off-peak tolls for multi-axle vehicles are reasonable to the user in relation to the benefit obtained. *See, e.g., id.* at 11-12.

¹⁹ Accordingly, we reject Delegate Ramadan's arguments, including those regarding § 56-543 B; the instant case is not an investigation under that statutory provision, nor do we find that such provision has been violated.

²⁰ *Webster's Third New International Dictionary* 1393 (2002).

by TRIP II (including the regression analysis in the AECOM Report) and Staff (performing its own elasticity study/regression analysis using Company data), the Commission further finds that the Company's tolls will not materially discourage use of the roadway by the public within the meaning of the statute.²¹ Moreover, evidence showing that the Greenway is operating within its designed capacity during peak hours further supports this finding.²²

Pursuant to the Order Initiating Investigation, we have also examined whether the Company's current tolls "will provide the operator no more than a reasonable return as determined by the Commission." Both TRIP II and Staff submitted evidence showing that the Company's partners have never received *any* return on their investment in the Greenway.²³ Based on these facts, we conclude that the Company's tolls will provide TRIP II no more than a reasonable return as determined by the Commission.²⁴

Next, Staff asserts that tolls that are too *low* may also be unlawful. For example, Staff stated that the lower tolls proposed in this investigation raise constitutional issues. Specifically, although § 56-542 D includes a ceiling for the Company's return on investment (*i.e.*, "provide the operator *no more* than a reasonable return as determined by the Commission" (emphasis added)), Staff argued that there is also a constitutional return floor (*i.e.*, the Commission cannot simply lower tolls and conclude that all legal requirements have been met).²⁵ In this regard, Staff asserts that the Company's financing and debt obligations were previously approved by the Commission, and that constitutional issues arise if tolls are lowered (as requested by Delegate Ramadan) in a manner that prohibits the Company from recovering its prudently incurred operating costs and debt obligations.²⁶

Further in this regard, we reject the Hearing Examiner's recommendation to initiate a proceeding on the continued use of the Company's Reinvested Earnings Account ("REA") for return-related purposes. We conclude that such a proceeding is not necessary at this time. We agree with Staff that the REA has been calculated in compliance with Commission orders and as originally envisioned, and has had no impact on current toll rates.²⁷ We also find that the Hearing Examiner properly rejected Delegate Ramadan's recalculation of the REA balance, finding that, "[a]mong other things, the record reflects that [Delegate Ramadan's] removal of \$80 million from the Company's REA balance (resulting in an overall reduction of \$1.275 billion to the REA calculation) was based upon his mischaracterization of an equity contribution as a debt repayment."²⁸ As explained by the Company, "TRIP II has never applied to the Commission for a rate increase where any portion of that increase was designed to draw down the REA," and "[i]f a time ever comes when the Company seeks rates that would begin to draw down the balance of the REA, then the Commission may seek to review the REA if it believes it is warranted, but that certainly is not the situation now."²⁹

Consistent with the Commission's prior orders, we also will not direct TRIP II to perform a detailed feasibility study of distance-based tolls at this time.³⁰ We note that such a study (which is not required by statute) involves issues that extend beyond the Commission's investigation herein. TRIP II asserts that "distance-based tolls are untenable on the Greenway."³¹ The Company also states that distance-based tolls "would only further clog the already congested eastern end of the road," and "tolls would need to go up on the western end of the road."³² Moreover, the implementation of distance-based tolls

²¹ See, *e.g.*, Report at 60-63.

²² See, *e.g.*, Ex. 3 (Carsley) at 37-43; Ex. 5 (Sines Direct) at 7; AECOM Report (attached to Ex. 16) at 3. Although not necessary in order to reach our conclusion herein, we further conclude (unlike the Hearing Examiner) that Staff's "level of service" ("LOS") analysis further supports this finding. Ex. 3 (Carsley) at 37-43. In addition, also unlike the Hearing Examiner, the Commission: (1) has not placed a burden of proof on Delegate Ramadan in this investigation; and (2) finds that TRIP II's analysis supports our findings as to the Company's tolls. Furthermore, we conclude that Delegate Ramadan's screenline/market share analyses do not adequately consider alternative causes for traffic migration and/or do not show that the Company's tolls will materially discourage use of the roadway. See, *e.g.*, Report at 62-63.

²³ See, *e.g.*, Report at 63-65; Ex. 2 (Oliver) at 9-11; Ex. 10 (McKean Direct) at 8; Ex. 26 (McKean Rebuttal) at 4.

²⁴ Although not necessary in order to reach our conclusion herein, we believe that Delegate Ramadan's proposal would not provide sufficient revenues for the Company to meet its debt obligations and could jeopardize TRIP II's overall financial integrity. See, *e.g.*, Report at 63-64; Ex. 2 (Oliver) at 14-16, 18; Tr. 468-70; October 15, 2013 Pre-Hearing Brief of Toll Road Investors Partnership II, L.P. ("TRIP II Pre-Hearing Brief") at 17-19; July 9, 2013 Legal Memorandum of the State Corporation Commission Staff ("Staff Legal Memorandum") at 15-18. Moreover, we find that § 56-542 D does not mandate cost-of-service regulation as proposed by Delegate Ramadan but, rather, provides for no more than a reasonable return "as determined by the Commission." See, *e.g.*, Report at 63-65. In addition, we reject Delegate Ramadan's assertion that TRIP II has previously engaged in "imprudent" actions that must alter our findings herein. See, *e.g.*, Report at 64 n. 176; Ex. 2 (Oliver) at 15-16.

²⁵ See, *e.g.*, Staff Legal Memorandum at 14-19.

²⁶ Staff Legal Memorandum at 17-19; Commission Staff Prehearing Brief on Legal Issues at 3; Ex. 2 (Oliver) at 14-15. As discussed in Staff's Comments to the Hearing Examiner's Report, Delegate Ramadan's proposed annual revenue requirement of \$57.142 million would fall approximately \$4.352 million short of meeting TRIP II's 2015 debt service obligation (approximately \$61.5 million), and would not allow TRIP II to recover any of its operational and maintenance costs (which, at the time of the hearing, were expected to be approximately \$15.8 million in 2013, up from \$14.7 million in 2012). See Staff Comments at 10-11.

²⁷ See, *e.g.*, Tr. 480-81; Tr. 1592-96; Ex. 2 (Oliver) at 8; Staff Legal Memorandum at 12-14.

²⁸ Report at 65 n.179.

²⁹ TRIP II Comments at 19, 21.

³⁰ *Application of Toll Road Investors Partnership II, L.P., Application For an Increase in the Maximum Authorized Level of Tolls*, Case No. PUE-2006-00081, 2007 S.C.C. Ann. Rept. 346, Final Order (Sept. 11, 2007); *Application of Toll Road Investors Partnership II, L.P., Application to Revise Tolls*, Case No. PUE-2003-00230, 2004 S.C.C. Ann. Rept. 357, 358, Final Order (July 6, 2004).

³¹ TRIP II Comments at 15.

³² *Id.* at 15-16.

may significantly impact matters involving the Virginia Department of Transportation ("VDOT") and issues related to the Comprehensive Agreement with VDOT, design capacity and LOS, as well as the Greenway's relation to the operation of the Dulles Toll Road.³³ Accordingly, as an initial step in this regard, we direct the Company to confer with VDOT on the efficacy of performing detailed feasibility studies of distance-based pricing for the Greenway. On or before 180 days from the date of this Order, the Company shall file a report in this matter on the results of its discussions with VDOT.

TRIP II "urges the Commission, upon the termination of this proceeding, to remind the parties to this proceeding in possession of any confidential information produced in this proceeding that they are required to destroy the confidential documents and all notes and other documents containing confidential information, or, at the request of TRIP II, return the confidential documents to TRIP II."³⁴ Now that this investigation has concluded, the parties shall comply with the provisions of the Hearing Examiner's Protective Ruling related thereto.

Finally, as reflected by the caption of this matter, the instant proceeding was formally initiated by the Commission on its own motion. There is not a formal petition for the Commission to grant or deny. As a result, the Commission hereby orders that the investigation initiated herein is concluded, and that this matter shall remain open to receive the report from the Company as directed above.

Accordingly, IT IS ORDERED THAT the investigation initiated by the Commission in this proceeding is concluded, and this matter shall remain open pending further order of the Commission.

CHRISTIE, Commissioner, Concurs:

I concur with the Order of the Commission concluding this investigation and the findings set forth therein.

I would also find that § 56-542 I ("Subsection I") sets forth the General Assembly's chosen policy regarding any toll changes that are to take place between 2013 and 2020.³⁵ Since Delegate Ramadan has asked us to substitute new tolls pursuant to § 56-542 D ("Subsection D"), the relation of Subsection D to Subsection I may be properly considered. In my view, Subsection I does not authorize the Commission to order toll changes on the Greenway between the years 2013 and 2020, except as prescribed by Subsection I.

This conclusion is based on both the plain meaning and the legislative intent of the pertinent statutory provisions.

First, consider the plain language of the statute. Subsection I begins with the language "Effective January 1, 2013, through January 1, 2020, and notwithstanding any other provision of law...." Following the "notwithstanding" clause, Subsection I describes with extreme specificity how rates may be changed during that seven-year period. The "notwithstanding" clause is, by its terms, sweeping and unequivocal. It subordinates "any other provision of law" – clearly including Subsection D – to its prescriptive guidelines governing toll rate changes during this limited time period. Subsection I represents a temporary carve-out from the rest of the Code for a limited number of years after which its provisions automatically terminate. After 2020, Subsection D is no longer affected by Subsection I. Before 2020, it is.

In reference to Subsection I's "notwithstanding" clause, Delegate Ramadan argues that "[t]here is no basis for any assertion that this language suspends or overrides the provisions of § 56-542 D related to the Commission's authority to set lawful rates on its own initiative."³⁶ Subsection I, however, states plainly, "notwithstanding *any other provision of law...*" (emphasis added), and "any other provision of law" can only be read to include Subsection D. Delegate Ramadan's interpretation effectively moves the "notwithstanding" clause from the beginning of Subsection I to the beginning of Subsection D, because he urges us to subordinate Subsection I's prescribed toll increases to the potential *decreases* and other rate restructuring that he urges us to make pursuant to Subsection D. The plain language is, however, that the "notwithstanding" clause with its subordination of *any other provision of law* introduces and is part of Subsection I, not Subsection D.

Second, even if one believes the "notwithstanding" language of Subsection I to be ambiguous or confusing in its relation to Subsection D, the legislative history demonstrates that the General Assembly's intent leads to the same outcome.

Shortly after our 2007 rate order was issued, in which this Commission set toll rates that we found to be lawful, the 2008 Regular Session of the General Assembly convened and considered two bills, Senate Bill 778, introduced by Sen. Herring, and House Bill 1140, introduced by Del. May, both related to the Greenway. As the Hearing Examiner correctly pointed out, it can be presumed that the 2008 General Assembly was aware that the Commission had issued our 2007 rate order and that the toll structure approved therein had been found to be in compliance with law, including the criteria of current Subsection D.³⁷ It is undeniable that if the General Assembly had chosen, it had the power (consistent with constitutional standards) to modify or nullify our rate order. It did neither. Rather, the 2008 General Assembly adopted a classic legislative compromise, the major components of which are visible. First, the rate structure approved in our 2007 rate order was left in place. Second, a new provision, Subsection I, was enacted that authorized the operator to seek automatic annual rate increases that were limited both in amount and to the time period of 2013-20.

The practical effect of Delegate Ramadan's interpretation is to nullify the 2008 legislative compromise. It is hard to believe that the General Assembly in 2008 – aware of our 2007 toll order and its rates – left those toll rates intact when it could have changed them, and enacted Subsection I's toll

³³ See, e.g., Ex. 3 (Carsley) at 44-45; Ex. 5 (Sines direct) at 7, 14-15; Tr. 516-520, 597-602, 629-30, 1012-13. We also note that there is evidence in this record that the toll structure for the Dulles Toll Road has similarities to that of the Greenway, and that the VDOT-approved design of the Greenway did not anticipate a distance-based toll system. See, e.g., Ex. 24 (Sines rebuttal) at 4-5.

³⁴ TRIP II Comments at 22-23.

³⁵ The Commission chose not to address this legal question.

³⁶ Ramadan Response at 9.

³⁷ Report at 55. See also *Christian v. SCC*, 282 Va. 392, 401, 718 S.E.2d 767, 772 (2011) ("The General Assembly is presumed to be aware of the decisions of the Court when enacting legislation."), citing *Andrews v. Commonwealth*, 280 Va. 231, 286, 699 S.E.2d 237, 269 (2010); *Dodson v. Potomac Mack Sales & Serv., Inc.*, 241 Va. 89, 94, 400 S.E.2d 178, 180-181 (1991).

increases, but intended Subsection I to be effectively nullified by toll rate decreases to be ordered under Subsection D. That is, under Delegate Ramadan's reading of the statute, the Commission could – each year until 2020 – both issue (i) an order increasing tolls as required by Subsection I, and (ii) an order decreasing tolls under Subsection D, effectively nullifying Subsection I's statutorily-mandated toll rate increases.

Neither the plain language of the statute, nor the legislative history, allow the Commission to use Subsection D to reverse the mandatory toll rate increases required by Subsection I "notwithstanding any other provision of law." The fact that Subsection D was not repealed in 2008 does not alter this result. To the contrary, by not repealing Subsection D, the General Assembly effectuated the plain language of Subsection I that limits its effectiveness until 2020; when Subsection I expires, the rate-changing mechanism of Subsection D is in place to become effective again.

Further, if the General Assembly did really intend that Subsection D could be used to nullify or restructure the rates approved in our 2007 rate order or increased as prescribed in Subsection I, the General Assembly has had ample opportunity since 2008 to direct such actions. Yet there have been no such legislative enactments changing tolls on the Greenway since 2008, even after the automatic toll increases prescribed by Subsection I began in 2013 and re-occurred in 2014 and 2015.³⁸

The 2008 legislation was a compromise that the General Assembly has chosen to maintain in the years since. The policy adopted by the General Assembly with regard to rate changes during the years 2013-20 is embodied in Subsection I, unless and until the General Assembly chooses to change it.

³⁸ In the 2015 Session of the General Assembly, Delegate Ramadan introduced legislation that, in addition to making substantive amendments to Subsection D, amended Subsection I by, among other things, adding after the "notwithstanding" clause the following language: "...to the extent that tolls resulting from application of this section do not violate the provisions of subsection D...." H.B. 2344 (2015). That legislation was defeated in the House Commerce & Labor Committee by a vote of 8-14. See H.B. 2344 (2015) (legislation failing to report from the House Commerce and Labor Committee, by 8 to 14 vote), available at <http://lis.virginia.gov/cgi-bin/legp604.exe?151+sum+HB2344>.

**CASE NO. PUE-2013-00039
DECEMBER 21, 2015**

JOINT PETITION OF
AQUA VIRGINIA WATER UTILITIES, INC.,
and
ST. TAMMANY LANDING PROPERTY OWNERS ASSOCIATION, INC.

For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia

FINAL ORDER

On April 17, 2013, Aqua Virginia Water Utilities, Inc. ("Aqua"), and St. Tammany Landing Property Owners Association, Inc. ("St. Tammany"), filed a joint petition with the State Corporation Commission ("Commission") for Aqua to acquire, and St. Tammany to dispose of, the St. Tammany Landing Public Water System ("System") pursuant to Chapter 5 of Title 56¹ of the Code of Virginia ("Code"), and an amendment to Aqua's certificate of public convenience and necessity pursuant to § 56-265.3 D of the Code ("Joint Petition"). The System serves approximately 40 customers in Mecklenburg County, Virginia. In the Joint Petition, Aqua proposed new flat rates to be effective upon the transfer and a migration to metered rates as soon as the System is metered.

On October 1, 2013, the Commission authorized the transfer of assets from St. Tammany to Aqua.² In its Order Granting Approval, the Commission directed, among other things, that:

- (5) Upon closing of the proposed transfer, Aqua may implement its proposed metered and unmetered rates on an interim basis, subject to refund with interest. Aqua shall keep separate accounting records for the System and shall file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and a federal tax return, if available, for the System within ninety (90) days following the first full year of Aqua's ownership of the System. Upon receiving such filing, Staff shall conduct an investigation of the System's cost of service and the reasonableness of Aqua's proposed metered and unmetered rates for the System and file a report with the Commission summarizing its findings.

On October 28, 2015, the Staff of the Commission ("Staff") filed a Staff Report ("Report") following its review of the System's financial statements and cost of service. Staff did not find any unusual or unreasonable transactions in Aqua's general ledger. Staff's corrected per book analysis of the water operations produced a return on common equity ("ROE") of 1.91%.³ Staff concluded that, "based on the results of Staff's analysis" and review, Staff does not believe any further action by the Commission is necessary at this time."⁴

¹ Va. Code § 56-88 *et seq.*

² *Joint Petition of Aqua Virginia Water Utilities, Inc., and St. Tammany Landing Property Owners Association, For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00039, 2013 S.C.C. Ann. Rept. 399, Order Granting Approval (Oct. 1, 2013).

³ Staff Report at 5. At present, a Commission-approved ROE range for Aqua has not been established.

⁴ *Id.*

NOW THE COMMISSION, upon consideration of this matter and the findings and conclusions contained in the Staff Report, is of the opinion and finds that no further action is necessary in this proceeding. We agree with the findings and conclusions set forth in the Staff Report and find that this case should be closed.

Accordingly, IT IS ORDERED THAT this matter hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

**CASE NO. PUE-2013-00063
APRIL 15, 2015**

PETITION OF
WASHINGTON GAS LIGHT COMPANY

For a declaratory judgment

FINAL ORDER

On June 5, 2013, Washington Gas Light Company ("WGL" or "Company") filed a petition for declaratory judgment ("Petition") with the State Corporation Commission ("Commission") pursuant to Rule 5 VAC 5-20-100 C of the Commission's Rules of Practice and Procedure.¹ In its Petition, WGL states that it proposes to permanently release to an affiliate company, Capitol Energy Ventures Corp. ("CEV"),² the remainder of the term of the Company's storage capacity with the Transcontinental Gas Pipe Line Company, LLC, for the Eminence Storage Service ("ESS") and the Washington Storage Service ("WSS"). The Company states that it "proposes to transfer the assets to CEV at the maximum tariff rate for each capacity approved by the Federal Energy Regulatory Commission ("FERC"), and in accordance with all other applicable FERC regulations."³

The Company requests that the Commission:

issue a declaratory judgment confirming that (i) the Affiliates Act [(Chapter 4 of Title 56, § 56-76 *et seq.* of the Code of Virginia)] does not apply where [WGL] does not use its rights under storage service contracts to provide public service; and/or (ii) Commission action is preempted by the FERC's regulatory authority over the terms and conditions of interstate storage capacity transfers.⁴

On July 3, 2013, the Commission entered an Order that assigned this case to a Hearing Examiner to establish a procedural schedule and to conduct further proceedings. The Commission's Staff ("Staff") filed a response to the Petition on August 30, 2013, and WGL filed a reply on September 27, 2013.

The Hearing Examiner issued a Report on October 31, 2013. The Hearing Examiner concluded, among other things, that "[i]f the Commission decides that the question of whether ESS and WSS are, or will be, associated with the Company's public service duties should be explored and developed in this proceeding, then the Commission may remand the case for further development of these factual issues."⁵ WGL filed comments on the Hearing Examiner's Report on December 5, 2013. WGL stated that "if the Commission deems it necessary to hold an evidentiary hearing, the Company would not object to it."⁶ Staff filed a letter indicating that it was not filing comments on the Hearing Examiner's Report.

On May 14, 2014, the Commission entered an Order Remanding for Further Proceedings, which directed the Hearing Examiner "to develop a record, and issue findings and recommendations, on any additional factual and legal issues that may be relevant to this proceeding."⁷ The Commission further stated as follows:

Such factual questions may include, but are not necessarily limited to, issues related to the prudence of releasing ESS and WSS, the prior and future use of ESS and WSS in public utility service, the prior and future use of ESS and WSS as part of asset optimization activities currently approved by the Commission, any accounting questions, and any potential changes to the Commission's previous approval of affiliate use of WGL's assets for optimization purposes if ESS and WSS are released.⁸

On February 6, 2015, the Hearing Examiner issued a Report on Remand. On March 13, 2015, WGL filed comments on the Report on Remand. Staff filed a letter indicating that it was not filing comments on the Report on Remand.

¹ 5 VAC 5-20-10 *et seq.*

² On November 7, 2013, CEV changed its name to WGL Midstream, Inc. Exh. R-4 at 1, n.3.

³ Petition at 1.

⁴ WGL's March 13, 2015 Comments at 26.

⁵ Hearing Examiner's Report at 14.

⁶ WGL's Dec. 5, 2013 Comments at 10.

⁷ Order Remanding for Further Proceedings at 3.

⁸ *Id.*

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

WGL states that "the Senior Hearing Examiner and the Staff agree that the undisputed record evidence in this proceeding supports a finding that ESS and WSS are not useful to provide utility service to [WGL] ratepayers, [and] will not be needed in the future, to provide utility service to ratepayers."⁹ Based on the record developed on remand, the Hearing Examiner found "that WSS and ESS capacity is not and will not be needed to provide utility service to ratepayers" ¹⁰ Thus, the Hearing Examiner recommended "that the Commission now find that transfer of WSS and ESS is in the public interest and that such transfer be approved pursuant to the Affiliates Act."¹¹ We adopt this finding.

In addition, while we adopt the uncontested factual findings in this proceeding, we emphasize that WGL has a continuing obligation (with or without these assets) to act prudently and to supply its customers with reliable service at just and reasonable rates. Indeed, WGL asserts that the "Commission's duty under [Va. Code] § 56-35 is to ensure the adequacy of the Company's capacity portfolio to provide adequate gas service at just and reasonable rates (a prudence review)."¹² In order to determine if adequate service is provided at "just and reasonable rates," that prudence review includes a review of the storage assets that the Company chooses to acquire and/or release. When the Company acquires or releases such an asset, the terms and conditions of such transaction are governed by FERC's regulatory authority over interstate storage capacity transfers.

Accordingly, IT IS ORDERED that the transfer of WSS and ESS is approved pursuant to the Affiliates Act, and WGL's Petition for a declaratory judgment is dismissed.

⁹ WGL's March 13, 2015 Comments at 6.

¹⁰ Report on Remand at 21.

¹¹ *Id.* at 24.

¹² WGL's March 13, 2015 Comments at 8.

**CASE NO. PUE-2013-00081
DECEMBER 14, 2015**

JOINT PETITION OF
AQUA PRESIDENTIAL, INC.,
and
PRESIDENTIAL SERVICE COMPANY TIER II, INC.

For approval of a transfer of utility assets

FINAL ORDER

On July 24, 2013, Aqua Presidential, Inc. ("Aqua Presidential"), a wholly owned subsidiary of Aqua Virginia, Inc., and Presidential Service Company Tier II, Inc. ("Presidential Service") (collectively, "Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") for the former to acquire, and the latter to dispose of, Presidential Service's water and wastewater system utility assets ("Systems") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹ The Petitioners also requested, pursuant to § 56-265.3 D of the Code, approval to transfer Presidential Service's certificate of public convenience and necessity to Aqua Presidential. The Systems serve approximately 343 customers in King George County, Virginia. As part of the Joint Petition, Aqua Presidential proposed new flat rates for sewer services to be effective upon the transfer ("Interim Rates").

On January 24, 2014, the Commission authorized the transfer of assets from Presidential Service to Aqua Presidential.² In its Order Granting Approval, the Commission directed, among other things, that:

- (5) Upon closing of the proposed transfer, Aqua Presidential may implement its proposed flat rates for the Sewer System on an interim basis subject to refund with interest. Aqua Presidential shall keep separate accounting records for each of the Systems, and shall file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and, if available, a federal tax return for each System within ninety (90) days following the first full year of Aqua Presidential's ownership of the Systems. Upon receiving such information, the Staff shall conduct an investigation of: (i) the Systems' cost of service; (ii) the reasonableness of the proposed rates for the Sewer System; and (iii) the utility plant allocation methodology for the Water System and Sewer System on Aqua Presidential's books. The Staff shall file a report with the Commission summarizing its findings.

On November 19, 2015, the Staff of the Commission ("Staff") filed a Staff Report ("Report") following its review of the Systems' cost of service and the Interim Rates for the 12 months ended February 28, 2015. Staff did not find any unusual or unreasonable transactions in the cost of service for water and wastewater operations. Staff's unadjusted per book review of the water operations produced a return on common equity ("ROE") of 37.82%, and a

¹ Va. Code §§ 56-88 *et seq.*

² *Joint Petition of Aqua Presidential, Inc., and Presidential Service Company Tier II, Inc., For approval of a transfer of utility assets*, Case No. PUE-2013-00081, 2014 S.C.C. Ann. Rept. 298, Order Granting Approval (Jan. 24, 2014).

wastewater ROE of 11.75%, for a combined operations ROE of 14.30%.³ The Report noted that the earnings level from the Systems' first 12 months of water and sewer operations "does not recognize the full annual income statement impacts from Aqua Presidential's post-transfer investment in utility plant through February 28, 2015."⁴ As a result, Staff concluded that an earned ROE from combined operations of 14.30% is higher than that which would be expected prospectively. Accordingly, Staff did not find the wastewater rates to be unreasonable. Staff did recommend "that the Company provide a more comprehensive evaluation and justification of the acquisition premium and subsequent allocation to water net utility plant in its next rate proceeding . . ."⁵ Staff concluded that, "based on the results of Staff's analysis and review, Staff does not believe any further action by the Commission is necessary at this time."⁶

NOW THE COMMISSION, upon consideration of this matter and the findings and conclusions contained in the Staff Report, is of the opinion and finds that no further action is necessary in this proceeding. We agree with the findings and conclusions set forth in the Staff Report and find that this case should be closed.

Accordingly, IT IS ORDERED THAT this matter shall be and hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

³ At present, a Commission-approved ROE range for Aqua Presidential has not been established.

⁴ Report at 6.

⁵ Report at 7.

⁶ *Id.*

**CASE NO. PUE-2013-00098
JANUARY 30, 2015**

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan

FINAL ORDER

On April 30, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") a redacted copy of the Company's Integrated Resource Plan ("IRP") for Commission review pursuant to § 56-599 of the Code of Virginia ("Code").¹ On May 8, 2014, KU/ODP filed a complete copy of its IRP, including confidential information filed under seal in accordance with 5 VAC 5-20-170 of the Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

An IRP, as defined by § 56-597 of the Code, is "a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility." Pursuant to § 56-599 E of the Code, the Commission is to make a determination as to whether KU/ODP's IRP is reasonable and is in the public interest.

KU/ODP stated that it has filed this IRP pursuant to the Commission's October 10, 2013 Order issued in this proceeding and the December 23, 2008 Order Establishing Guidelines For Developing Integrated Resource Plans issued in Case No. PUE-2008-00099.² KU/ODP further stated that the IRP filed herein consists of the 2014 IRP that it filed with KPSC, as well as certain schedules containing Virginia-specific information.³

According to the Company, KU/ODP and Louisville Gas & Electric Company ("LG&E") are subsidiaries of LG&E and KU Energy LLC, which is a subsidiary of PPL Corporation.⁴ KU/ODP stated that the Company and LG&E are owners and operators of interconnected electric generation, transmission, and distribution facilities that achieve economic benefits through operation as a single interconnected and centrally dispatched system and

¹ On September 3, 2013, KU/ODP filed a narrative summary as an update to the IRP filed with the Commission in 2011. The Company indicated that it was scheduled to file a new IRP with the Kentucky Public Service Commission ("KPSC") in April 2014. KU/ODP further advised that it planned to file this same IRP with Virginia-specific data requirements with this Commission no later than September 1, 2014. On October 10, 2013, the Commission issued an Order docketing this proceeding and holding the matter in abeyance. The Commission also ordered the Company to file its new IRP by April 30, 2014.

² Cover letter from Rick E. Lovekamp, Manager, Regulatory Affairs, Old Dominion Power Company, dated April 29, 2014 ("Cover letter"). *See Commonwealth of Virginia, ex rel. State Corporation Commission, Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq. [of the] Code of Virginia*, Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines For Developing Integrated Resource Plans (Dec. 23, 2008) ("IRP Order").

³ KU/ODP stated that this filing contains the eighteen schedules specified in the Commission's IRP Order, except for Schedule 17 for which KU/ODP submitted a "Three Year Capital Budget" in lieu of the "Construction Forecast" prescribed by the IRP Order. *See* Cover letter at 1.

⁴ IRP at 5-1.

through coordinated planning, construction, operation, and maintenance of their facilities.⁵ The Company stated that it supplies electric service to customers in Kentucky, Tennessee, and five counties in southwestern Virginia.⁶

On June 16, 2014, the Commission issued an Order for Notice and Comment, which, among other things, directed KU/ODP to provide public notice of its IRP and afforded interested persons an opportunity to file comments or request a hearing on the IRP. No one filed comments or a request for a hearing on the Company's IRP.

On August 25, 2014, the Commission issued an Order that directed the Staff of the Commission ("Staff") to analyze KU/ODP's IRP and present its findings in a Staff Report.

On November 5, 2014, the Staff filed a Staff Report analyzing the Company's IRP and recommending that the Commission accept KU/ODP's IRP as reasonable and in the public interest.⁷ In support of its recommendations, the Staff concluded that KU/ODP's IRP complies with the legislative requirements imposed by § 56-597 *et seq.* of the Code and the guidelines set forth in the Commission's IRP Order.⁸ The Staff noted that KPSC requires the Company to file a similarly comprehensive IRP and that the KPSC Staff performs a thorough investigation of such IRP.⁹ The Staff concluded that the Company's effort to develop its IRP in Kentucky complies with requirements in Virginia.¹⁰ Accordingly, the Staff stated that it does not object to KU/ODP continuing to provide the same information for Virginia as it develops its IRP for Kentucky and supplementing its IRP with Virginia-specific data requirements.¹¹

Furthermore, the Staff acknowledged that KU/ODP's IRP is an ongoing planning process and noted that the results of the Company's IRP are subject to further scrutiny prior to implementation.¹² Accordingly, the Staff stated that any determination in this proceeding should not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor should the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.¹³

On December 2, 2014, KU/ODP filed its response to the Staff Report, supporting the Staff's recommendations and requesting that the Commission issue an order finding KU/ODP's IRP reasonable and in the public interest under § 56-599 E of the Code.¹⁴ The response also included updates to certain information to reflect developments occurring after the Company filed its IRP with the Commission.¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's IRP is reasonable and in the public interest for the specific purpose of filing a planning document as mandated by § 56-597 *et seq.* of the Code. As noted by the Staff, the Commission's determination in this proceeding does not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor does the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource.

Accordingly, IT IS ORDERED THAT this matter shall be dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

⁵ *Id.*

⁶ *Id.*

⁷ Staff Report at 12-13.

⁸ *Id.* at 13.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 12-13.

¹³ *Id.* at 13.

¹⁴ KU/ODP Response at 1.

¹⁵ *Id.* at 1-2.

**CASE NO. PUE-2013-00115
DECEMBER 10, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority under Chapter 3 of Title 56 of the Code of Virginia

DISMISSAL ORDER

By Order dated December 5, 2013, Appalachian Power Company ("APCo" or the "Company") was granted authority to issue and sell up to \$600,000,000 of secured or unsecured promissory notes ("Notes") from time to time through December 31, 2014. The Company was further granted

authority to assume obligations associated with the issuance and sale of up to an aggregate principal of \$290,375,000 of tax-exempt bonds ("Bonds") by the West Virginia Economic Development Authority ("WVEDA") on behalf of APCo from time to time through July 1, 2015. In association with the underlying Notes, APCo was authorized to enter into hedging agreements up to the aggregate notional amount of \$600,000,000 for the Notes and \$290,375,000 for the Bonds. APCo further requested and received authority to enter into various Interest Rate Management Agreements ("IRMAs") through December 31, 2014, up to an aggregate notional amount not to exceed 25% of APCo's total outstanding debt obligations.

APCo filed preliminary reports of action during the period of authority and a final report of action ("Final Report") on November 16, 2015.¹ The Final Report stated that APCo issued \$300,000,000 of Series U Notes on May 8, 2014. The Series U Notes were issued at a fixed interest rate of 4.4% with a maturity date of May 8, 2024. The reported issuance costs incurred for the Series U Notes were less than the total amount estimated in the application. APCo reported the net proceeds were used to repay borrowings on a term loan facility assumed by the Company associated with transfer of the the Amos plant.

APCo also stated in its Final Report the assumption of obligations associated with the issuance of \$86,000,000 of Series 2015A Bonds by WVEDA on behalf of APCo for the Amos plant. The Series 2015A Bonds were issued on April 1, 2015, with a maturity date of March 1, 2040, and an interest rate of 1.90%. APCo further reported that the Series 2015A bonds are subject to mandatory tender for purchase on April 1, 2019. The issuance expenses incurred for the Series 2015A Bonds were less than estimated in the application and the net proceeds were used to redeem \$86,000,000 of WVEDA Series 2010A bonds.

APCo reported no exercise of authority with regard to hedging agreements associated with the Notes or Bonds or with regard to IRMAs.

NOW THE COMMISSION, upon consideration of the Company's Final Report, is of the opinion and finds that APCo's issuance of Notes and Bonds appear to have been in accordance with the authority granted. However, the Commission also finds that the Company failed to fully comply with the reporting requirements set out in Ordering Paragraphs (8) and (9) of the Commission's December 5, 2013 Order by not filing a detailed report of action within 60 days of the end of a calendar quarter in which any authorized security was issued and by not filing its Final Report on or before September 30, 2015, as directed. APCo is reminded that it is subject to the penalties under §§ 56-71 and 56-73 of the Code of Virginia for failure to comply with each reporting requirement. In this case, the Commission finds that no further action is warranted against the Company concerning the noted lapses to fully comply with reporting requirements. Nevertheless, APCo is admonished that any future violations of reporting requirements may be subject to enforcement actions pursuant to §§ 56-71 and 56-73 of the Code of Virginia, as well as more stringent reporting requirements. Lastly, the Commission finds that there appears to be nothing further to be done in this matter.

Accordingly, IT IS ORDERED THAT this matter is dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹The Company was also directed to file a detailed report of action within 60 days of each calendar quarter in which any security was issued.

**CASE NO. PUE-2013-00132
JANUARY 26, 2015**

APPLICATION OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE

For approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service

ORDER ON APPLICATION

On February 3, 2014, Shenandoah Valley Electric Cooperative ("SVEC") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service. SVEC filed the Application pursuant to §§ 56-231.33, 56-231.34, 56-236, and 56-585.3 of the Code of Virginia, Rule 21 of the Commission's *Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction*,¹ and the Commission's May 14, 2010 Order in Case No. PUE-2009-00101 ("Acquisition Order").²

On September 15, 2009, SVEC, Rappahannock Electric Cooperative ("REC") and The Potomac Edison Company d/b/a Allegheny Power ("Potomac Edison") filed a joint petition and application with the Commission requesting, among other things, approval for Potomac Edison to sell, and SVEC and REC to purchase, Potomac Edison's facilities used in the retail distribution and sale of electric power in its Virginia retail distribution service territory. In the Acquisition Order, among other things, the Commission approved SVEC's acquisition of its portion of Potomac Edison's former Virginia service territory and associated distribution assets subject to certain requirements and conditions.

On June 1, 2010, SVEC assumed the rights and obligations to provide retail distribution service to Potomac Edison's former customers in SVEC's new service territory ("Transitioning Customers") and adopted Potomac Edison's rates, schedules, and riders for the Transitioning Customers in effect as of

¹ 20 VAC 5-200-21.

² *Joint Petition of Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and The Potomac Edison Company d/b/a Allegheny Power, For approval of the purchase and sale of service territory and facilities, for the issuance of, and cancellation of, certificates of public convenience and necessity, and for approval of special, transitional, rate schedules*, Case No. PUE-2009-00101, 2010 S.C.C. Ann. Rept. 391, Order (May 14, 2010).

June 1, 2010, with the intention that, in the future, those rates would be synchronized with the rates, schedules, and riders of its pre-acquisition, or legacy, customers ("Legacy Customers").³

In its Application, SVEC seeks to increase its base rates currently applicable to Legacy Customers together with a migration plan ("Migration Plan") to transition, over a multi-year period, the base rates applicable to Transitioning Customers to levels equal to those of Legacy Customers, including the requested increase in base rates ("Modified Legacy Rates"). SVEC requests to implement the Migration Plan through an associated Transition Migration Rider (designated Schedule TMR-Q) effective for bills rendered on and after July 5, 2014.⁴

On February 21, 2014, the Commission entered an Order for Notice and Hearing in which, among other things, the Commission scheduled this matter for a public hearing on July 15, 2014; established a procedural schedule for the parties to file testimony and exhibits; directed SVEC to provide notice of its Application to appropriate persons; allowed SVEC to place its rates into effect, subject to refund, on July 3, 2014;⁵ and assigned a Hearing Examiner to conduct all further proceedings.

Notices of participation in this proceeding were filed by H.P. Hood LLC ("Hood"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Board of Supervisors of Frederick County, Virginia ("Frederick County"), and the City of Winchester, Virginia ("Winchester"). On July 14, 2014, Frederick County and Winchester withdrew their Notices of Participation.

The hearing commenced as scheduled on July 15, 2014. The following appeared at the hearing, by counsel: SVEC, Hood, Consumer Counsel and the Commission Staff ("Staff"). Testimony was received from witnesses testifying on behalf of SVEC, Hood and Staff.

On October 8, 2014, Hearing Examiner Michael D. Thomas issued his report ("Report"), in which he recommended approval of SVEC's proposed revenue increase and Migration Plan.⁶ The Hearing Examiner noted that "SVEC has agreed to all of the Staff's recommendations except one."⁷ With respect to that one exception, the Hearing Examiner found "Staff's proposed alternative rates for SVEC's transitioning church customers should be rejected because those customers cannot complete the rate transition within the three-year period covered by the Application."⁸

In response to issues raised by Hood, the Hearing Examiner found that the plain language of ODEC's market-based rate ("MBR") policy does not support the position ODEC has taken in denying Hood a MBR for its entire load and that SVEC had failed to meet its evidentiary burden of providing that its proposed Excess Demand Charge is reasonable.⁹ The Hearing Examiner recommended that the Commission direct SVEC to file a formal complaint with the Federal Energy Regulatory Commission ("FERC") on behalf of Hood regarding ODEC's "failure to follow the plain language of its FERC-approved tariff."¹⁰ Alternatively, he recommended the Commission direct SVEC to provide Hood a MBR for its entire load.¹¹

On October 29, 2014, SVEC, Hood, and Staff filed comments on the Report.

In its comments on the Hearing Examiner's Report, SVEC requests that the Commission issue an order that:

- (1) finds the interim rates for bills rendered on and after July 5, 2014 are just and reasonable, and makes such rates permanent without refund; (2) finds the Excess Demand Charge in Schedule PC-4 placed in effect for bills rendered on and after July 5, 2014 is just and reasonable; (3) finds that Schedule PCA-1 with an effective date of January 1, 2015 and with the stipulated modification recommended by Staff is just and reasonable; (4) finds the revenue produced by those rates is just and reasonable based on the revenue requirement developed in the record; and (5) approves the Migration Plan and associated Rider TMR-Q.¹²

SVEC further asserts that adopting the Hearing Examiner's findings with respect to its MBR would result in "costs appropriately borne by one (or more) cooperative consumer(s) . . . be[ing] unfairly shifted to the disadvantage of all other consumers of SVEC"¹³ Therefore, SVEC urges the Commission to reject those MBR-related findings and recommendations.

³ See Ex. 1 (Application) at 8.

⁴ *Id.*

⁵ The Order for Notice and Hearing provided that SVEC may place its proposed rates into effect on an interim basis subject to refund, effective for service rendered on and after July 3, 2014. On February 28, 2014, SVEC filed a motion requesting to implement its proposed rates for bills rendered, rather than for service rendered, on and after July 3, 2014, which was granted by the Commission on March 7, 2014. SVEC placed its proposed rates into effect on an interim basis, subject to refund, on July 5, 2014. SVEC Comments on Hearing Examiner's Report at 9.

⁶ Report at 37.

⁷ *Id.* at 33.

⁸ *Id.* at 34.

⁹ *Id.* at 35-36.

¹⁰ *Id.* at 36.

¹¹ *Id.*

¹² SVEC Comments on Hearing Examiner's Report at 25.

¹³ *Id.* at 5.

In its comments, Hood requests that the Commission adopt the Hearing Examiner's alternative recommendation and direct SVEC to provide Hood with an MBR for its entire load.¹⁴

In its comments, with respect to the Hearing Examiner's primary MBR recommendation, Staff states that it is not aware of any barrier to Hood filing a complaint at FERC against ODEC on its own behalf and that "Commission involvement is not necessary for Hood to seek redress at FERC from ODEC regarding ODEC's MBR policy."¹⁵ In addition, with respect to the Hearing Examiner's alternative MBR recommendation, Staff noted that "[n]othing in the record in this proceeding, however, supports Commission approval of a SVEC retail rate other than based on SVEC's cost of service including the actual cost of purchased power, such as the power obtained from ODEC."¹⁶

On October 29, 2014, the Old Dominion Electric Cooperative ("ODEC") filed a Response Objecting to the Report of Michael D. Thomas, Hearing Examiner; A&N Electric Cooperative, BARC Electric Cooperative, Community Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, and Southside Electric Cooperative (collectively, "Virginia Cooperatives") filed a Response Objecting to the Report of Michael D. Thomas, Hearing Examiner, and Motion to Accept Notice of Participation as Respondents Out-of-Time; and Delaware Electric Cooperative and Choptank Electric Cooperative (collectively, "Delaware and Maryland Cooperatives," together with Virginia Cooperatives, "Member Cooperatives") filed a Response Objecting to the Report of Michael D. Thomas, Hearing Examiner, and Motion to Accept Notice of Participation as Respondents Out-of-Time (collectively, "ODEC and Member Cooperatives' Responses and Motions"). On November 19, 2014, Hood filed a reply ("Hood Reply") in opposition to the ODEC and Member Cooperatives' Responses and Motions. On December 5, 2014, the Member Cooperatives filed a response in further support of their Responses and Motions.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows:

Motions and Responses to Hearing Examiner's Report

ODEC and the Member Cooperatives contend that "Rule 120.C . . . does not affirmatively state that only parties to a proceeding may file" a response to the Hearing Examiner's Report.¹⁷ Despite this broad assertion, neither ODEC nor the Member Cooperatives cite any case where a non-party was permitted by right to file comments on a hearing examiner's report under Rule 120 C.

To the contrary, the Commission has previously found – on multiple occasions – that a non-party does not have a right to file comments on a hearing examiner's report.¹⁸ In addition, Rule 80 expressly lists the options for participation after an application has been filed: as a respondent; by filing written comments prior to hearing if permitted by Commission order; or by giving oral testimony at the hearing. Although ODEC and the Member Cooperatives claimed that "[o]n its face, [Rule 120 C] is not restrictive regarding who may file such a response," they failed to cite to any of the precedent where Rule 120 C was, indeed, restricted only to parties.¹⁹ Conversely, Hood's reply cites multiple cases where a non-party sought to comment on a hearing examiner's report and the Commission refused to grant leave to permit such filing.²⁰

In its response to Hood's reply, the Member Cooperatives expressly suggest for the first time that those filing public comments are the only non-parties precluded from filing a response to the hearing examiner's report.²¹ The Member Cooperatives, however, provide no legal support for such claim. Furthermore, the Member Cooperatives also fail to note that in *CPV Warren*, cited in Hood's reply, the Commission refused to permit any of the non-parties in that case to file comments on the hearing examiner's report.²²

¹⁴ Hood Comments on Hearing Examiner's Report at 6.

¹⁵ Staff Comments on Hearing Examiner's Report at 3.

¹⁶ *Id.* at 4.

¹⁷ ODEC Response to Hearing Examiner's Report at 1; Virginia Cooperatives Response to Hearing Examiner's Report at 14; Delaware and Maryland Cooperatives Response to Hearing Examiner's Report at 5.

¹⁸ See, e.g., *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. Rept. 240, 264, Order (Nov. 26, 2013); *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of electric facilities: Waxpool 230 kV Double Circuit Transmission Line, Brambleton - BECO 230 kV Transmission Line and 230-34.5 kV Waxpool Substation*, Case No. PUE-2011-00129, 2012 S.C.C. Ann. Rept. 353, 356, Final Order (Dec. 28, 2012); *Application of Appalachian Power Company, For a certificate of public convenience and necessity authorizing operation of the Falling Branch-Merrimac 138 kV Transmission Line*, Case No. PUE-2012-00007, 2012 S.C.C. Ann. Rept. 380, 384-85, Order (Dec. 21, 2012); *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For a certificate of public convenience and necessity for facilities in Stafford County: Garrisonville 230 kV Transmission Line and 230 kV-34.5 kV Garrisonville Switching Station*, Case No. PUE-2006-00091, 2008 S.C.C. Ann. Rept. 343, 345, Final Order (Apr. 8, 2008); *Application of Highland New Wind Development, LLC, For approval to construct, own and operate an electric generation facility in Highland County, Virginia pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2005-00101, Order Remanding for Further Proceedings (Apr. 6, 2007); *Application of CPV Warren, LLC, For a certificate of public convenience and necessity for electric generation facilities in Warren County, Virginia*, Case No. PUE-2002-00075, 2003 S.C.C. Ann. Rept. 365, 368, Final Order (Mar. 13, 2003) ("*CPV Warren*").

¹⁹ ODEC Response to Hearing Examiner's Report at 1; Virginia Cooperatives Response to Hearing Examiner's Report at 14; Delaware and Maryland Cooperatives Response to Hearing Examiner's Report at 5.

²⁰ Hood Reply at 4-5.

²¹ Member Cooperatives Response to Reply at 5 n.8.

²² *CPV Warren*, 2003 S.C.C. Ann. Rept. at 368.

The Member Cooperatives have not established that good cause exists to accept new notices of participation at this stage of the proceeding, nor that granting such motions is necessary under Rule 10 to serve the ends of justice. ODEC and the Member Cooperatives also have not established that accepting their responses to the Hearing Examiner's Report is necessary to serve the ends of justice in this particular case. Accordingly, the Commission rejects (1) the responses to the Hearing Examiner's Report filed by ODEC and by the Member Cooperatives, and (2) the Member Cooperatives' motions to accept notices of participation as respondents out-of-time.

SVEC's Application

The Commission has considered the evidence and arguments presented by the participants in this case. We find that SVEC's interim rates now in effect should be made permanent and that SVEC's Migration Plan should be approved, subject to certain reporting requirements. We further find that SVEC's Schedule PCA-1 should be approved effective January 1, 2015. We will require SVEC to make compliance filings with the Commission as agreed, and we leave the docket in this proceeding open to accept such compliance filings and to ensure that the rates approved herein remain just and reasonable throughout the Migration Plan period.

In addition, we have considered the requests of Hood and the evidence and arguments related thereto. We find that SVEC's proposed Schedule PC-4 Excess Demand Charge is reasonable, non-discriminatory, and consistent with prior Commission orders.²³ We also reject Hood's request that this Commission "direct SVEC to immediately provide Hood with an MBR for its entire load, which would put the onus on SVEC to determine how best to have its wholesale supplier honor the terms of its formula rate governing SVEC purchases."²⁴ We understand Hood's desire to avail itself of ODEC's wholesale MBR for its entire load, as opposed to only its new incremental load as offered by ODEC. The implementation of ODEC's wholesale MBR, however, is a matter of federal jurisdiction. If Hood seeks redress for (in Hood's view) ODEC's failure to follow the plain language of its wholesale MBR, Hood's complaint lies at FERC.²⁵

Accordingly, IT IS ORDERED THAT:

(1) SVEC's proposed increase in rates and revisions to its terms and conditions of service, as modified by Staff and accepted by SVEC, hereby is granted. The requested roll-in to base rates of current Riders OD-09, OD-11Q, OD-12, OD-13 and OD-14 is approved. The approved rates and revisions to the terms and conditions of service shall be effective for bills rendered on and after July 5, 2014.

(2) SVEC's proposed Migration Plan hereby is approved.

(3) SVEC's revenue allocation, as modified by Staff, is reasonable and is approved. SVEC's rate design is reasonable and is approved.

(4) SVEC's proposed Schedule PCA-1, as modified by the Staff and agreed to by SVEC, hereby is approved effective for bills rendered on and after January 1, 2015. Schedules WPA-5 and WPA-1Q no longer shall be in effect and shall be withdrawn for bills rendered on and after January 1, 2015. Within thirty (30) days of the issuance of this Order, SVEC shall file its Schedule PCA-1.

(5) SVEC's proposed Schedule PC-4 is approved and made effective as of July 5, 2014.

(6) Within thirty (30) days of the issuance of this Order, SVEC shall file the revised rates, terms and conditions of service, and transition migration rider, to be effective for bills rendered on and after July 5, 2014.

(7) SVEC shall make a compliance filing with the Commission on or about April 1 of each year of the Migration Plan that includes: (i) an updated Schedule TMR-Q and supporting documentation and (ii) a Financial Status Statement for the 12-month period ending December 31 of the preceding year for each year of the Migration Plan, which should reflect actual results and limited adjustments, including but not limited to: (a) an annualization of base rate and Schedule TMR-Q revenues based on rates proposed to be in effect July 1, (b) storm damage, (c) material out-of-period expenses, and (d) material non-recurring costs.

(8) This matter is continued generally.

²³ See, e.g., Ex. 4 (Gaines direct) at 31; Ex. 19 (Gaines rebuttal) at 12-15; SVEC Comments on Hearing Examiner's Report at 19-23.

²⁴ Hood Comments on Hearing Examiner's Report at 6.

²⁵ Staff Comments on Hearing Examiner's Report at 3-4.

**CASE NO. PUE-2014-00007
JANUARY 15, 2015**

PETITION OF
APPALACHIAN POWER COMPANY

For approval to revise a rate adjustment clause: RPS-RAC, for the recovery of the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E

ORDER ON RECONSIDERATION

On March 31, 2014, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") a petition seeking approval to revise its rate adjustment clause, designated as the RPS-RAC, to recover incremental costs of the Company's participation in Virginia's Renewable Portfolio Standard Program, effective February 1, 2014, through January 31, 2016.

On November 26, 2014, the Commission issued its Order in this proceeding, finding, among other things, that the record was insufficient to conclude what should serve as a reasonable estimate for avoided capacity costs after termination of APCo's Pool Agreement; and to conclude how selection of a reasonable estimate for the capacity component may, or may not, impact the selection of a reasonable estimate for the energy component. The Commission directed APCo to file its next RPS-RAC petition on or before February 1, 2015. The Commission stated in its November 26, 2014 Order that it expects:

APCo, the Staff, and other parties to that proceeding to develop a detailed record regarding the range of possible proxy calculations for determining the *short-term* value of avoided capacity and energy costs. Such proxy calculations should include, but not be limited to, potential approaches based on: (1) the construction of a combustion turbine unit; (2) the construction of a combined-cycle unit; (3) a bilateral purchase arrangement; and (4) estimates of avoided capacity and energy costs associated with various PJM markets.¹

On December 15, 2014, the Division of Consumer Counsel, Office of the Attorney General ("Consumer Counsel") filed a petition for clarification or reconsideration of the Order ("Petition").

In its Petition, Consumer Counsel asks that this Commission clarify that the November 26, 2014 Order in this proceeding does not preclude the parties from presenting evidence on whether a *long-term or short-term* proxy value should be used for calculating avoided costs during the Company's next RPS-RAC proceeding, and in turn, what that value should be. In the alternative, Consumer Counsel asks that, if the Commission did intend to consider only the short-term value of avoided capacity and energy costs, the Commission reconsider this limitation based on the testimony of Consumer Counsel, Staff, and APCo that the avoided costs of Wind Purchase Power Agreements are long-term in nature.²

On December 17, 2014, the Commission issued its Order Granting Reconsideration to consider this matter.

NOW THE COMMISSION, upon consideration of this matter, clarifies that the term "short-term" as used in the November 26, 2014 Order in this proceeding, and as referenced by Consumer Counsel in its Petition, references APCo's cost-recovery period for the RPS-RAC and in no way precludes APCo, the Staff, or any party to APCo's next RPS-RAC proceeding from presenting evidence on whether a long-term or short-term proxy value should be used for calculating avoided costs in the post-Pool Agreement period. In addition, as we note that Va. Code § 56-585.1 A 5 allows a utility to petition for approval of an RPS-RAC "not more than once in any 12-month period," we hereby extend the deadline for APCo to file its next RPS-RAC petition from February 1, 2015, to March 31, 2015.

Accordingly, IT IS ORDERED THAT:

- (1) The Company shall file its next RPS-RAC petition on March 31, 2015.
- (2) All other portions of the Commission's November 26, 2014 Order in this proceeding shall remain unchanged.
- (3) This matter is continued.

¹ November 26, 2014 Order at 14-15, emphasis added.

² Petition at 6.

**CASE NO. PUE-2014-00020
AUGUST 21, 2015**

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 30, 2014, 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 2014, and to revise other terms and conditions applicable to its gas service ("Application"). In its Application, Columbia advises that the proposed rates and charges are designed to increase the Company's annual non-gas base revenues by approximately \$31.8 million, which includes \$6.9 million currently being collected by the Company outside of base rates in a surcharge pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, § 56-603 *et seq.* of the Code, in accordance with the Company's authorized plan ("SAVE Plan").¹ Columbia states that its requested increase in annual non-gas base revenues reflects (i) Columbia's costs and revenues for the test year ended December 31, 2013; (ii) the increase in the Company's rate base since its last base rate increase in 2011;² (iii) an updated capital structure and requested return on equity ("ROE") of 10.9%; and (iv) certain rate year adjustments that are "reasonably predicted to occur" during the twelve months ending September 30, 2015, as permitted by § 56-235.2 of the Code.³

On May 28, 2014, the Commission issued an Order for Notice and Hearing ("Procedural Order") in which it, among other things, docketed the Application; scheduled a hearing on the Application; established a procedural schedule for parties to file testimony and exhibits; and appointed a hearing examiner ("Hearing Examiner") to conduct all further proceedings on behalf of the Commission.⁴ In its Procedural Order, the Commission allowed the Company to implement its proposed rates and tariff modifications, other than the thermal-based billing proposal, on an interim basis, subject to refund with interest, for services rendered on and after September 29, 2014.

On December 10, 2014, the Company presented a Stipulation and Proposed Recommendation ("Stipulation"), which all participants signed except Stand Energy. The Stipulation resolved all of the outstanding issues in the case, as among the stipulating participants. Specifically, the Stipulation stated, in part: (i) the Company's earned return for the 2013 test period fell below the midpoint of the authorized ROE range of 9.6% to 10.6% established in Case No. PUE-2010-00017 and, therefore, there is no required accelerated recovery of any regulatory assets; (ii) the stipulating parties agreed to an increase in the Company's jurisdictional non-gas base revenue requirement of \$25.2 million, with the resulting rates developed as shown on Attachment I of the Stipulation and the customer bill impact shown on Attachment II of the Stipulation; (iii) the Company agreed to adopt the capital structure and cost of debt in Staff witness Gleason's testimony, and the stipulating parties agreed to an authorized ROE range of 9.00% to 10.00%, with a ROE of 9.75% used to determine the revenue requirement in this case, and the midpoint of the ROE range to be used for earnings tests; and (iv) the Company would implement thermal (Dth) billing, to be effective no later than meter readings on and after January 1, 2016.⁵ The parties also agreed to the treatment of eligible safety activity costs ("ESAC") deferred prior to the rate year beginning October 1, 2014.⁶

On January 13, 2015, the Hearing Examiner filed his Report, which recommended that the Commission adopt the Stipulation, approve the Company's Application as modified by the Stipulation, and direct the Company to make appropriate refunds.

On March 30, 2015, the Commission issued its Order Remanding for Further Action ("Remand Order"). The Remand Order found that the total revenue requirement and class allocation set forth in the Stipulation are supported by the evidence and are reasonable. The Commission further found, however, that the Stipulation's proposed rate design within each class is not reasonable, for the reasons that (i) the amount of revenue assigned to the fixed customer charges is unreasonably high, and (ii) it is unreasonable to assign such a large percentage of costs of the Company's distribution integrity management program and SAVE Plan to fixed charges, as set forth in the Stipulation. Accordingly, the Commission remanded the case to the Hearing Examiner to conduct further proceedings and issue a report with findings and recommendations on establishing a reasonable rate design for each customer class to recover the revenue requirement assigned to that class pursuant to the Stipulation.

On April 10, 2015, the Hearing Examiner issued a Ruling ("Ruling") scheduling an evidentiary hearing and establishing a procedural schedule for the filing of remand testimony. In accordance with the Hearing Examiner's Ruling, the Company filed remand direct testimony on April 24, 2015; VIGUA and Consumer Counsel filed remand testimony on May 8, 2015; and Staff filed remand testimony on May 15, 2015. The Company filed rebuttal testimony on May 22, 2015.

¹ Exhibit ("Ex.") 2 (Application) at 1; Ex. 3 (Levander Direct) at 4-5. The proposed rates represent an increase of \$24.9 million per year over current revenues. *Id.* at 5.

² 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-2010-00017, 2010 S.C.C. Ann. Rept. 475, Final Order (Dec. 17, 2010).

³ Ex. 2 (Application) at 4.

⁴ The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"); County of Fairfax, Virginia ("Fairfax County"); Virginia Industrial Gas Users Association ("VIGUA"); Stand Energy Corporation ("Stand Energy"); and Chaparral (Virginia) Inc. ("Chaparral"), filed Notices of Participation. In accordance with the Commission's Procedural Order, VIGUA and Consumer Counsel filed testimony on October 14, 2014, and the Staff of the Commission ("Staff") filed testimony on November 5, 2014. The Company filed rebuttal testimony on November 19, 2014.

⁵ Ex. 31 (Stipulation) at 1-3.

⁶ *Id.* at 3-4.

The remand hearing was convened as scheduled on June 3, 2015. Counsel for Columbia, VIGUA, Fairfax County, Consumer Counsel and Staff attended the remand hearing.⁷ At the remand hearing, the parties presented an Addendum and Modification of Stipulation and Proposed Recommendation ("Addendum and Recommendation") severing the rate design issue from the remaining issues in the Stipulation (which the stipulating parties agreed would remain in full force and effect) and modifying the thermal billing implementation date to be no later than July 1, 2016.⁸

On June 30, 2015, the Report on Remand of Michael D. Thomas, Hearing Examiner ("Hearing Examiner's Report on Remand" or "Report on Remand") was filed. In his Report on Remand, the Hearing Examiner reviewed the rate design proposals set forth by the Company, VIGUA, Consumer Counsel and Staff, and made the following findings and recommendations:

- (1) Consumer Counsel's recommended customer charges, which include only the cost to connect the customer to the Company's distribution system, administer the account, bill the customer, and SAVE- or ESAC-related service riser and meter replacement costs, are reasonable;
- (2) The Company's proposed Option 1 and Option 2 customer charges are unreasonable because SAVE-related distribution system costs are included in those charges;
- (3) The Company's SAVE and ESAC distribution system-related costs should be recovered in its volumetric rate;
- (4) The LGS2 and TS2 class customer charge of \$2,700.00 is reasonable;
- (5) The LGS1 and TS1 class customer charge should remain at \$550.00 until such time as an analysis similar to the one performed by Consumer Counsel witness Watkins may be performed for those rate classes;
- (6) The parties' Addendum and Recommendation is reasonable; and
- (7) The parties' recommendation to delay the implementation of thermal billing from January 1, 2016, to July 1, 2016, is reasonable.⁹

Fairfax County, VIGUA, and Consumer Counsel timely filed comments supporting the findings and recommendations in the Hearing Examiner's Report on Remand.¹⁰ On July 10, 2015, Columbia Gas filed comments ("Columbia Gas Comments") supporting adoption of the Hearing Examiner's recommended customer charges, the Hearing Examiner's finding that the Addendum and Recommendation is reasonable, and the Hearing Examiner's finding that the recommendation to delay the implementation of thermal billing to July 1, 2016, is reasonable. The Company does not, however, support the Hearing Examiner's recommendation to establish a "bright-line" rule for the types of costs that may or may not be recovered through the customer charge. The Company specifically opposes the Hearing Examiner's Finding (1), insofar as it limits the types of costs that may be included in the customer charge, and the Hearing Examiner's Findings (2) and (3).¹¹

NOW THE COMMISSION, upon consideration of this matter, finds that the Stipulation (as modified by the Addendum and Recommendation) and Addendum and Recommendation are reasonable and should be adopted. We further find that the Hearing Examiner's recommended rate design for each customer class to recover the revenue requirement assigned to that class pursuant to the Stipulation is reasonable. Accordingly, we adopt the Hearing Examiner's findings in his Report on Remand with regard to the recommended rate design for each class, as well as the Hearing Examiner's Findings (6) and (7), above.

In so doing, however, we do not approve a bright-line rule of what costs may or may not be included in the fixed customer charge. Rather, the Commission's findings in the instant case are based on the specific facts as presented in this proceeding. As noted in the Company's comments, the Commission has historically exercised discretion in determining the appropriate level of customer charges based on the facts and circumstances of each case.¹² That is what we have done here and we need not adopt a bright-line rule governing what costs may or may not be included in a fixed customer charge.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the June 30, 2015 Hearing Examiner's Report on Remand are hereby adopted in part, consistent with our findings above.

(2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted, as modified by the Addendum and Recommendation, and the terms of the Stipulation not modified by the Addendum and Recommendation are incorporated herein. The Addendum and Recommendation attached hereto as Attachment B is adopted, and its terms are incorporated herein.

⁷ Chaparral did not attend the hearing and Stand Energy did not participate in the remand case.

⁸ See Ex. 32 (Addendum and Recommendation).

⁹ The Hearing Examiner's recommended customer charges, along with the customer charges recommended by the Company, Staff and respondents, are summarized in Attachment 1 to the Hearing Examiner's Report on Remand.

¹⁰ Fairfax County filed their comments on July 8, 2015, and VIGUA and Consumer Counsel filed their comments on July 10, 2015. Staff filed a letter on July 10, 2015, indicating that Staff would not be filing comments on the Hearing Examiner's Report on Remand.

¹¹ Columbia Gas Comments at 12.

¹² *Id.* at 6-8.

(3) The rates and charges approved herein are fixed and substituted for the rates and charges and terms and conditions that took effect on an interim basis on September 29, 2014. The Company 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 Energy Regulation in accordance with this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>. 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 and after September 29, 2014, and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within ninety (90) days of the issuance of this Final Order.

(5) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or in the Federal Reserve's Selected Interest Rates (Statistical Release H. 15) for the three (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 § 55-210.6:2 of the Code.

(7) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Energy 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 Attachments A and B are on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2014-00026
FEBRUARY 3, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia

ORDER ON PETITION FOR REHEARING AND RECONSIDERATION

On March 31, 2014, Appalachian Power Company ("APCo" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to Va. Code § 56-585.1 A and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*

On November 26, 2014, the Commission issued a Final Order in this case. Among its findings in the Final Order, the Commission found that a reapportionment of revenue among rate classes was not sufficiently supported or required by the facts in this case, and it was therefore rejected.¹ Such reapportionment had been requested by the Old Dominion Committee for Fair Utility Rates ("Committee") and Steel Dynamics, Inc., but was opposed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Commission's Staff.

On December 12, 2014, the Committee filed a petition for rehearing and reconsideration of the Final Order ("Petition"). In its Petition, the Committee requested that the Commission "grant rehearing and reconsideration of its [Final] Order and direct APCo to reapportion the revenue requirement among customer rate classes as recommended by the Committee in this proceeding...."²

On December 17, 2014, the Commission issued an Order granting reconsideration to consider the Committee's Petition and a separate petition filed by APCo.³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Committee's Petition is denied.

¹ Final Order at 39.

² Petition at 8.

³ The Commission will address APCo's petition by separate order.

In renewing the Committee's request for the Commission to reapportion revenues among customer classes, the Petition asserts, among other things, that Commission approval of the Committee's proposal would not increase rates to customers taking electric service under the Company's RS, SWS, and MGS rate classes.⁴ The Petition bases this assertion on the Final Order's requirements for APCo to implement a rate adjustment clause combination and to provide customers with rate credits, as required by Va. Code §§ 56-585.1 A 3 and 56-585.1 A 8, respectively, subject to certain Commission findings.

The Commission's rate combination and rate credit rulings, which were made pursuant to specific statutory directives contained in Va. Code § 56-585.1, do not support the Petition's requested ruling on revenue reapportionment. Although the Petition asserts that the Final Order "significantly decreases, by almost \$45 million per year, the base rates of all of APCo's customers ... as a result of the Commission's implementation of [Va. Code § 56-585.1 A 3],"⁵ the Petition overlooks that, prior to the decrease referenced by the Committee, the mandatory implementation of Va. Code § 56-585.1 A 3 had required base rates to increase temporarily, beginning on December 1, 2014, through the combination with base rates of two rate adjustment clauses designed to recover a total annualized amount of \$45 million.⁶ By February 11, 2015, base rates will return to the same level as before the Final Order was entered on November 26, 2014. The decrease cited by the Petition is therefore the end-result of a statutory implementation that does not, in fact, result in any net decrease (or increase) to the base rates that the Commission evaluated in this proceeding.

Additionally, the rate impact of shifting an annual amount of more than \$7.3 million of costs to the base rates of Virginia jurisdictional retail customers taking service under the Company's RS, MGS, and SWS rate classes, as proposed by the Committee, would be of greater magnitude and duration than the temporary rate credit required by Va. Code § 56-585.1 A 8, which will total – across all customer classes – \$5.8 million and will be amortized over a six-month period.

Next, comparing the Final Order's approval of standby, reconnection, and underground charges to its rejection of the reapportionment proposed by the Committee, the Petition also asserts that the Final Order's "treatment of inter-class and intra-class revenue reapportionment" is differing, arbitrary, and capricious.⁷ The Commission's rulings on the three charges identified by the Petition, however, were separate and distinct from the Commission's ruling on revenue reapportionment among customer classes.⁸ Indeed, as the Final Order recognizes, the Code requires the institution of the standby charge upon certain Commission findings, as specified by the Code.⁹ Additionally, the issues and evidence offered regarding the three charges approved by the Final Order are not the same as those regarding the proposed reapportionment of revenues. For example, these three charges were designed to generate, in total, approximately \$300,000 of annual revenue that will be offset with "revenue decreases to the affected rate classes . . . to maintain revenue neutrality."¹⁰ In this particular context, "revenue neutrality" allows for the same customers to whom these limited charges apply to also receive the benefit of decreased rates. In contrast, the Committee's proposal would shift more than \$7.3 million of annual costs to a group of customer classes that would receive no benefit associated with that cost shift.

The Petition also asserts that the Final Order's "rationale for rejecting the Committee's proposed revenue reapportionment would unfairly favor certain rate classes at the expense of others when a utility's rates are producing excess revenues."¹¹ In so asserting, the Petition focuses on one quotation included in the Final Order on this issue, recognizing that "[a]s further stated by Consumer Counsel: When rates are designed in a fashion that they are producing such excess revenues, it is possible that a class could be paying its full cost of service but that class would still be shown to be below parity because another class was paying even more than its allocated revenue requirement."¹² Although the Final Order recognizes this as a possibility and a "further" point asserted by Consumer Counsel on this issue, the Commission did not approve the revenue reapportionment proposed in this case, including the Committee's proposal, because we found that such proposals were not "sufficiently supported or required by the facts in this case."¹³

In addition, Va. Code § 56-585.1 neither requires nor prohibits the Commission from implementing revenue reapportionment as part of a biennial review.¹⁴ Nor has the General Assembly given the Commission a statutory directive to apportion revenues (strictly or otherwise) based upon class cost of

⁴ Petition at 1-3, 5-6.

⁵ *Id.* at 5 (emphasis omitted).

⁶ Final Order at 24-25.

⁷ Petition at 4-5, 8.

⁸ Final Order at 36-40.

⁹ *Id.* at 36-38; Va. Code § 56-594 F.

¹⁰ Final Order at 46, n.130.

¹¹ Petition at 6.

¹² Final Order at 40 (internal quotations and citation omitted).

¹³ *Id.* at 39.

¹⁴ Indeed, we note that neither the Committee (which requested revenue reapportionment among customer classes) nor Consumer Counsel (which opposed such reapportionment) asserted that Va. Code § 56-585.1 either mandates or prohibits such action in this case. *See, e.g.*, Committee's Post-Hearing Brief at 10; Consumer Counsel's Post-Hearing Brief at 54.

service studies, which are "mere estimates of class cost of service."¹⁵ Indeed, the Supreme Court of Virginia has explained that apportioning revenue among classes "is peculiarly a responsibility of the Commission."¹⁶

Finally, in terms of precedent, the Commission has long held that "[c]ost of service studies are not precision instruments, but rather tools to facilitate the establishment of a zone of reasonableness," and that "[t]his zone of reasonable class rates of return can then be used as a guide to apportion a utility's revenue requirement."¹⁷ Moreover, the movement towards rate of return parity (as reflected by class cost of service estimates) among customer classes is not the only consideration in rate design and revenue apportionment, which include other factors such as rate continuity, predictability, changes in revenue requirement, limiting customer confusion, and the exercise of informed judgment. Indeed, cost of service studies – and estimated class rates of return – can vary from year-to-year even without a change in rates or revenue apportionment.¹⁸ Based on consideration of these factors, including the assertions of the Committee and the specific class rate of return estimates in this proceeding, the Commission has concluded that the existing revenue apportionment remains reasonable, and that the Committee's proposed revenue reapportionment is not required by the facts of this case nor by any statutory directive.

Accordingly, IT IS SO ORDERED.

¹⁵ *Application of Virginia Natural Gas, Inc., For a general increase in rates*, Case No. PUE-1990-00028, 1991 S.C.C. Ann. Rept. 297, 298, Order on Reconsideration (Sept. 6, 1991) ("*Application of VNG*"), *aff'd sub nom. Anheuser-Busch Cos., Inc., et al. v. Virginia Natural Gas, Inc., et al.*, 244 Va. 44 (1992) ("*Anheuser-Busch v. VNG*").

¹⁶ *Anheuser-Busch v. VNG*, 244 Va. at 46-47 (1992) ("Moreover, the determination of the sources from which the increased revenues are to be derived is peculiarly a responsibility of the Commission.") (internal quotes and citation omitted).

¹⁷ *See, e.g., Application of Commonwealth Gas Services, Inc., For a general increase in rates*, Case No. PUE-1992-00037, 1993 S.C.C. Ann. Rept. 262, 265, Final Order (Oct. 15, 1993).

¹⁸ *See, e.g., Application of VNG*, 1991 S.C.C. Ann. Rept. at 298 ("[C]lass cost of service studies do not determine the actual cost of serving any particular class of customers. They are instead mere estimates of class cost of service. Sound ratemaking appropriately recognizes the importance and place of estimates in apportioning revenue. The results of class cost of service studies are volatile as indicated by the record of this case. Strict adherence to the results of these studies could result in widely fluctuating rates from case to case."), *aff'd sub nom. Anheuser-Busch v. VNG*.

**CASE NO. PUE-2014-00026
FEBRUARY 3, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia

ORDER ON PETITION FOR RECONSIDERATION AND CLARIFICATION

On March 31, 2014, Appalachian Power Company ("APCo" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to Va. Code § 56-585.1 A and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*

On November 26, 2014, the Commission issued a Final Order in this case. Among other issues in this proceeding, APCo and the Commission's Staff identified and addressed issues regarding certain information technology that are jointly utilized by multiple affiliated companies ("Joint-Use Assets"). In the Final Order, the Commission found that future Joint-Use Assets "should be on AEP Service Company's books, and that APCo should pay an appropriate facilities charge to AEP Service Company."¹

On December 12, 2014, APCo filed a petition for reconsideration and clarification of the Final Order ("Petition"). In its Petition, APCo requested that the Commission "clarify the Final Order to indicate that the Company can comply with the provisions of the Final Order regarding future Joint-Use Assets" through ratemaking adjustments described in the Petition, which APCo indicates "would be equivalent to excluding the APCo Virginia share of future Joint-Use Assets on Company books and requiring such assets to be recorded on the books of AEP Service Company."²

On December 17, 2014, the Commission issued an Order granting reconsideration to consider APCo's Petition and a separate petition filed by the Old Dominion Committee for Fair Utility Rates ("Committee").³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and clarifies that the Company, on the narrow issue identified in the Petition, is authorized to comply with the Final Order through ratemaking adjustments that are functionally equivalent to excluding the APCo Virginia

¹ Final Order at 43.

² Petition at 4.

³ The Commission will address the Committee's petition by separate order.

share of future Joint-Use Assets on the Company's books and requiring such assets to be recorded on the books of AEP Service Company.⁴ This ruling is limited to the specific facts presented in this case, and to compliance with the Final Order, and shall not serve as precedent in any other proceeding.

Accordingly, IT IS SO ORDERED.

⁴ The specific ratemaking treatment for future Joint-Use Assets will be determined in future cases.

**CASE NO. PUE-2014-00027
DECEMBER 14, 2015**

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For a certificate of public convenience and necessity pursuant to § 56-265.3 of the Code of Virginia and for approval of a transfer of utility assets pursuant to the Utility Transfers Act

**ORDER GRANTING CERTIFICATES
AND APPROVING TRANSFER OF ASSETS**

On April 1, 2014, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed with the State Corporation Commission ("Commission") an application ("Certificate Application") pursuant to § 56-265.3 of the Code of Virginia ("Code") requesting approval of a certificate of public convenience and necessity ("CPCN").¹ On May 1, 2014, the Commission issued an Order for Notice and Comment that, among other things, directed the Company to provide notice of the Certificate Application, provided an opportunity for interested persons to comment on the Certificate Application or participate in the proceeding as a respondent, and provided an opportunity for interested persons to request a hearing on the Certificate Application. Carroll County, Grayson County, and the City of Galax ("Respondents") filed notices of participation and requests for hearing.²

Between June 18, 2014, and April 6, 2015, ANGD filed several motions requesting that the Commission extend the procedural schedule to allow for continued discussion between the Company and the Respondents regarding the Certificate Application and expanded service in the area. The Commission granted each of these motions. On May 9, 2015, ANGD filed a Motion to Suspend Procedural Schedule stating that the Company needed more time to file an amendment to its Certificate Application. On May 22, 2015, the Commission issued an Order Suspending Procedural Schedule.

On June 8, 2015, the Company filed an amendment to its Certificate Application requesting approval of a transfer of assets from Carroll County to ANGD³ related to the Company's Certificate Application ("Amendment"). Collectively, the Certificate Application and the Amendment are referred to herein as the "Application."

On July 8, 2015, the Commission entered an Order Continuing Procedural Schedule, which provided additional time for interested persons to comment on the Application; directed the Staff to investigate the Application and file a report containing its findings and recommendations ("Staff Report" or "Report"); and provided the Company and Respondents an opportunity to comment on the Staff Report.

In its Report filed November 10, 2015, the Staff concluded that it believes adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the proposed transfer of assets, and therefore recommended that the transfer be approved subject to certain requirements that it listed in the Appendix of the Staff Report.⁴

With regard to the Company's request for CPCNs to serve Carroll County, Grayson County and the City of Galax, Virginia, the Staff concluded that ANGD is fit, willing, and able to provide natural gas service in those areas.⁵ The Staff further noted that the Company appears to have the ability to construct the facilities and obtain a supply of natural gas sufficient for providing service in those areas.⁶ The Staff, therefore, recommended that the Commission approve ANGD's request for CPCNs to serve Carroll County, Grayson County, and the City of Galax. Further, the Staff recommended that the Commission consider placing a five-year sunset provision on the CPCNs to serve Grayson County and the City of Galax, and noted that such a provision is consistent with prior Commission orders.⁷

¹ The Certificate Application included the Affidavit of Patricia J. Childers, Vice President of Rates & Regulatory Affairs for the Kentucky/Mid-States Division of Atmos Energy Corporation ("Atmos"). In the Affidavit, Ms. Childers attests that "[t]o accommodate [ANGD's] desire to extend service to [Carroll County, Grayson County, and the City of Galax], Atmos is willing to voluntarily surrender CPCN Nos. G-74b and G-73b to the Commission to enable [ANGD] to obtain a contiguous service territory and provide service to all of Carroll County, Grayson County, and the City of Galax. Atmos would surrender the two CPCNs upon the Commission's granting of an application filed by [ANGD] to serve the geographical area."

² Respondents later withdrew their requests for hearing.

³ Pursuant to § 56-88 *et seq.* of the Code.

⁴ Staff Report at 7.

⁵ *Id.* at 9.

⁶ *Id.*

⁷ *Id.* Staff did not make a similar recommendation for Carroll County because, with the proposed transfer of assets of the Carroll County facilities, ANGD will be providing gas service to Carroll County upon approval of the Application and closing of the transfer of assets transaction.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On November 16, 2015, Respondents filed their responses to the Staff Report. Each Respondent concurred with the findings in the Staff Report and requested that the Commission enter an order approving the Application. On November 17, 2015, ANGD filed its response to the Staff Report and stated that it agrees with the Staff's recommendations.

NOW THE COMMISSION, having considered the matter, 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 of assets. Further, the Commission finds that it is in the public interest to grant ANGD CPCNs to serve Carroll County, Grayson County and the City of Galax. Therefore, the Application should be approved subject to the conditions set forth herein.

Accordingly, IT IS ORDERED THAT:

- (1) ANGD's Application hereby is approved as described herein, subject to the requirements set forth in the Appendix attached to this Order.
- (2) Certificate No. G-73b issued to Atmos on October 21, 1997, granting authority to provide natural gas service in part of the City of Galax adjacent to Carroll County hereby is cancelled. Certificate No. G-74b issued to Atmos on October 21, 1997, granting authority to provide natural gas service in part of the City of Galax adjacent to Grayson County hereby is cancelled.
- (3) Certificate No. G-181 hereby is issued to ANGD for authority to serve the City of Galax.
- (4) Certificate No. G-73d hereby is issued to ANGD for authority to serve all of Carroll County.
- (5) Certificate No. G-74c hereby is issued to ANGD for authority to serve all of Grayson County.
- (6) This matter is dismissed.

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

**CASE NO. PUE-2014-00028
JUNE 18, 2015**

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY
and
ANGD LLC

For authority to incur debt and receive cash capital contributions from an affiliate under Chapters 3 and 4 of Title 56 of the Code of Virginia

ORDER AMENDING AUTHORITY GRANTED

By Order Granting Authority dated, May 19, 2014, the State Corporation Commission ("Commission") authorized Appalachian Natural Gas Distribution Company ("Appalachian" or the "Company") with guarantee of its parent company affiliate, ANGD LLC, ("ANGD") (collectively, "Applicants"), to enter into an intermediate construction line-of-credit ("Construction Note") for borrowings of up to \$21,000,000 through January 1, 2016, for the purpose of constructing a natural gas pipeline ("Project") to support the approved conversion of the Appalachian Power Company Clinch River plant to a gas-fired facility.¹ Appalachian was further authorized to convert borrowings under the Construction Note to a term note ("Term Note") with interest and principal payments based upon a ten-year amortization once the project is complete. In addition, Appalachian was authorized to receive cash contributions from ANGD from time to time prior to January 1, 2015, up to an aggregate amount of \$5,000,000.

On May 27, 2015, Appalachian filed a letter ("Letter Request") with the Commission requesting that its borrowing authority for the Construction Note and subsequent Term Note be increased from \$21,000,000 to \$29,500,000, under same remaining terms and conditions as previously authorized. The Company further requested that authority to enter into an interest rate swap at any time during the time of the borrowing, up to the notional amount of the entire balance outstanding, to fix the interest rate. Appalachian explained in its Letter Request that the proposed increase in borrowing authority is necessary to accommodate increased construction costs for the Project related to more extensive rock formations and the required use of directional drilling that were not anticipated in the initial cost estimates.

NOW THE COMMISSION, having considered the request, is of the opinion and finds that it will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

- (1) Appalachian is authorized to borrow up to \$29,500,000 for the Construction Note in the same manner and for the purposes as set forth in the Commission's Order dated May 19, 2014.
- (2) Appalachian is authorized to convert up to \$29,500,000 of borrowings under the Construction Note into a Term-Note in the same manner and for the purposes as set forth in the Commission's Order dated May 19, 2014.

¹Application of Appalachian Power Company For certificates of public convenience and necessity to convert Units 1 and 2 of the Clinch River Plant to use natural gas rather than coal as fuel. Case No. PUE-2013-00057, Order (December 20, 2013).

(3) Appalachian is further authorized to enter into an interest rate swap at any time during the term of the borrowings authorized, up to the notional amount of the entire outstanding balance of borrowings.

(4) Except as modified herein, all remaining provisions of our Order Granting Authority dated May 19, 2014, shall remain in full force and effect.

(5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2014-00031
JUNE 18, 2015**

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER

For authority to issue securities and assume obligations under Chapter 3 of Title 56 of the Code of Virginia and to engage in an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER EXTENDING AUTHORITY GRANTED

On April 16, 2014, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or the "Company")¹ filed an application with the State Corporation Commission ("Commission") for authority under Chapter 3 of Title 56 of the Code of Virginia² to, among other things, replace or extend the term of its multi-year revolving line of credit ("Revolving Line of Credit") through December 31, 2019.

On May 8, 2014, the Commission entered its Order Granting Authority ("May 8, 2014 Order") that, among other things, authorized the Company to amend its existing revolving line of credit, or enter into one or more new revolving lines of credit, with an aggregate principal amount not to exceed \$500 million and a term not to exceed December 31, 2019.

On June 2, 2015, KU/ODP filed a request for authority to extend the existing authority for borrowings under its Revolving Line of Credit through December 31, 2020. The Company's request is premised upon the same reasons expressed in the original application; namely, that the costs associated with revolving credit facilities in the future are likely to be higher than costs associated with current facilities due to changing banking regulations and market conditions. KU/ODP believes that by extending its existing and previously authorized credit facilities, it will be able to ensure that current favorable terms for such facilities are available for as long as possible.

The extended credit facilities would be on substantially the same terms as KU/ODP's existing revolving credit facilities and would be available for the same purposes for which revolving credit is currently available. For example, loan proceeds could be used to provide short-term financing for KU/ODP's general financing needs, general costs of operation or costs of KU/ODP's various construction programs or other obligations, until permanent or long term financing can be arranged. In addition, the extended credit facilities could be used to provide liquidity or credit support for KU/ODP's other debt. While KU/ODP believes that the conditions and fees on similar credit facilities are likely to be less favorable to the borrower in 2019 than today, KU/ODP is not able to quantify such differences. However, KU/ODP believes that the cost of an extension of its existing revolving credit line would be approximately 15 basis points.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff, is of the opinion and finds that approval of the request should be granted and that the Company should be authorized to further amend and extend the term of its Revolving Line of Credit through December 31, 2020.

Accordingly, IT IS ORDERED THAT:

(1) KU/ODP is hereby authorized to extend its revolving line of credit facilities with an aggregate principal amount not to exceed \$500 million and a term not to exceed December 31, 2020.

(2) KU/ODP shall file a copy of any revolving line of credit extension agreements promptly after they become available.

(3) Except to the extent modified herein, all of the other provisions of the Commission's May 8, 2014 Order shall remain in full force and effect.

(4) This matter shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

¹ KU/ODP is a wholly owned subsidiary of LG&E and KU Energy, LLC, which, in turn, is a wholly owned subsidiary of PPL Corporation.

² Va. Code § 56-55 *et seq.*

**CASE NO. PUE-2014-00035
AUGUST 25, 2015**

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

FINAL ORDER

On August 8, 2014, 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, and testimonies and exhibits ("Application"). The Application was filed pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")¹ and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.² On August 26, 2014, the Company filed a revised Schedule 36 and additional materials to complete its Application.³

The Company requests authority to increase its rates for water and sewer service to produce an increase in water revenues of \$282,450 and in wastewater revenues of \$186,700.⁴ According to Massanutten, the proposed rate increase would constitute an approximately 21% increase in the Company's water revenues and an approximately 14% increase in wastewater revenues.⁵ The Company indicates that this rate request is based on a 10.80% return on equity ("ROE").⁶ Massanutten also proposes to create four customer classes: residential, hospitality, commercial, and the water park.

On September 25, 2014, the Commission issued an Order for Notice and Hearing that, among other things, directed the Company to provide notice to its customers of the proposed rates; provided an opportunity for interested persons to file comments or participate in this proceeding by filing a notice of participation; established a procedural schedule for the parties and Staff of the Commission ("Staff") to file testimonies and exhibits; assigned the matter to a Hearing Examiner to conduct all further proceedings; scheduled an evidentiary hearing for April 16, 2015; and allowed the Company to place its proposed rates into effect on January 1, 2015, on an interim basis and subject to refund, conditioned on filing a bond to insure prompt refund of any excess rates or charges. On October 31, 2014, Massanutten filed the requisite bond.

On November 17, 2014, Mountainside Villas Owners Association, Inc. ("MVOA"), filed a notice of participation. On January 9, 2015, Great Eastern Resort Corporation, Great Eastern Resort Management, Inc., Great Eastern Waterpark, LLC, Great Eastern Purveyors, Inc., Peak Construction Company, Inc., Woodstone Time-Share Owners Association, Shenandoah Villas Owners Association, The Summit at Massanutten Owners Association, Regal Vistas at Massanutten Owners Association, and Eagle Trace Owners Association (collectively, "Massanutten Resort Customers") filed a notice of participation. On January 9, 2015, Massanutten Resort Customers also filed a Motion for Supplemental Notice and Extension of the Procedural Schedule ("Motion"). By Ruling issued January 12, 2015, the Hearing Examiner provided an opportunity for the parties to file any responses to the Motion on or before January 21, 2015, and for any reply in support of the Motion to be filed on or before January 28, 2015. Massanutten and the Staff filed timely responses and Massanutten Resort Customers filed a timely reply to the responses. By Ruling issued on February 2, 2015, the Hearing Examiner granted the Motion. By Ruling Providing For Supplemental Notice And Scheduling Additional Public Hearing issued on February 9, 2015, the Hearing Examiner directed the Company to provide supplemental notice, amended the procedural schedule, and retained the April 16, 2015 hearing date to receive testimony from public witnesses. On April 16, 2015, a public hearing was convened as scheduled to receive the testimony of public witnesses. No public witnesses appeared to testify on April 16, 2015.

On May 1, 2015, Massanutten Resort Customers and MVOA filed the testimonies of their witnesses. On June 1, 2015, the Staff filed the testimonies of its witnesses. On June 12, 2015, the Company filed the rebuttal testimonies of its witnesses.

On July 7, 2015, Massanutten Resort Customers filed a Motion for Postponement of Evidentiary Hearing ("Postponement Motion") scheduled for July 14, 2015. On July 8, 2015, Massanutten filed a response in opposition to the Postponement Motion. By Ruling issued July 9, 2015, the Hearing Examiner granted the Postponement Motion, but retained the July 14, 2015, hearing date for receipt of testimony from public witnesses. On July 14, 2015, a public hearing was held, as scheduled, to receive the testimony of public witnesses. No public witnesses appeared to testify on July 14, 2015.

On July 17, 2015, the Company, Massanutten Resort Customers, MVOA, and the Staff filed a stipulation ("Stipulation") resolving all of the issues in this case, together with a Joint Motion to Accept Stipulation. On the same day, an evidentiary hearing was held during which the parties presented the Stipulation to the Hearing Examiner. By Ruling issued July 20, 2015, the Hearing Examiner sought clarification of one of the Stipulation's provisions. On July 27, 2015, Staff and the parties filed a Clarification to Stipulation.

Two public comments were filed in connection with the Company's Application – one contesting the Company's repeated requests for rate increases and Massanutten's separate request for a rider associated with infrastructure improvement, and a second public comment requesting Massanutten be prohibited from charging a fee associated with bills paid by credit or debit cards.

¹ Va. Code § 56-232 *et seq.*

² 20 VAC 5-201-10 *et seq.*

³ The Application was accepted as "complete" as of August 26, 2014.

⁴ Ex. 3 (Application) at 2.

⁵ *Id.*, Schedule 42.

⁶ Ex. 6 (Dooley direct) at 7.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On August 5, 2015, Hearing Examiner A. Ann Berkebile issued her report ("Hearing Examiner's Report"), which included the following findings and recommendations:

1. The total annual revenue increase of \$469,150 is reasonable and should be approved by the Commission;
2. An ROE in the range of 8.75% to 9.75%, with a midpoint of 9.25%, is reasonable and should be approved by the Commission;
3. Staff's proposed capital structure consisting of 3.664% in short-term debt, 46.819% in long-term debt, and 49.321% in common equity, is reasonable and should be incorporated for all of the Company's rate-related proceedings until such time as MPSC files its next general rate case;
4. The stipulated rate design is reasonable and should be approved by the Commission;
5. The Company should not be required to issue refunds for billings through the interim rate period;
6. The Company's proposed monthly availability fees for water and sewer and proposed returned check charge are reasonable and should be approved by the Commission;
7. Staff's proposed base facilities charges for water and sewer, as shown on Attachments MAT-2 and MAT-5 to Staff witness Tufaro's prefiled testimony, are reasonable and should be approved by the Commission; and
8. The Stipulation, in its entirety, offers a fair and reasonable disposition of this case and should be approved and adopted by the Commission.

The Hearing Examiner concluded that the Stipulation, when taken as a whole, comports with the statutory requirements, is in the public interest, and should be approved by the Commission as a fair resolution of the issues in this case.⁷

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Stipulation should be adopted and that the rates provided for in the Stipulation should be approved. We further find that an ROE within a range of 8.75% to 9.75%, with a 9.25% midpoint, shall be used for all rate-related proceedings until such time as the Company files its next general rate case.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the August 5, 2015, Hearing Examiner's Report hereby are adopted.
- (2) In accordance with the findings made herein, the Stipulation attached hereto as Attachment A is adopted, and its terms are incorporated herein.
- (3) The Company hereby is authorized to make the rates approved herein final, consistent with the Stipulation. Massanutten is not required to refund any billings through the interim rate period due to any difference between interim rates and final rates, consistent with the Stipulation. The bond filed by Massanutten on October 31, 2014, to insure prompt refund of any excess rates or charges is fully and unconditionally discharged and released.
- (4) Massanutten shall implement the Staff's accounting and recordkeeping recommendations as set forth in the Stipulation and pre-filed testimonies of Staff.
- (5) The Company forthwith shall file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Division of Utility Accounting and Finance in accordance with this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) This matter is dismissed.

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

⁷ Hearing Examiner's Report at 26. Because the Hearing Examiner recommended approval of the Stipulation agreed to by Staff and all parties to the case, the Staff and the parties waived the filing of comments to the Hearing Examiner's Report. *Id.* at 28.

**CASE NO. PUE-2014-00039
JUNE 24, 2015**

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

FINAL ORDER

On October 24, 2014, Appalachian Power Company ("Appalachian" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code"), the Rules Governing Utility Rate Applications and Annual Informational Filings¹ of the State Corporation Commission ("Commission"), and the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management ("DSM") Programs,² filed with the Commission its petition for approval to implement a portfolio of energy efficiency programs and for approval of a rate adjustment clause ("EE-RAC") pursuant to § 56-585.1 A 5 c of the Code ("Petition").³

In its Petition, the Company seeks approval to implement a portfolio of six new DSM programs.⁴ Specifically, the Company requests that the Commission permit the Company to implement the following proposed DSM programs (the "Portfolio"):

- Home Performance Program;
- Residential Appliance Recycling Program;
- Manufactured Housing Energy Star Program;
- Residential Efficient Products Program;
- Commercial & Industrial Prescriptive Program; and
- Commercial & Industrial Custom Program.⁵

The Company proposes to spend approximately \$6.3 million annually on the Portfolio over the first three years of implementation, and is requesting recovery of its projected and actual costs to design and implement the six programs, including a margin to be recovered on operating expenses.⁶ The Company seeks approval of a first-year EE-RAC revenue requirement of \$6,956,411.⁷ The Company states that it is not seeking to recover lost revenues attributable to these programs in this filing.⁸ The Company indicates that it has used the 10.52% return on equity ("ROE") proposed by the Company in its 2014 Biennial Review for purposes of preparing the Petition, but acknowledges that the ROE authorized by the Commission in its 2014 Biennial Review will be used to establish the EE-RAC revenue requirement.⁹

Appalachian proposes that the EE-RAC become effective January 1, 2016, following a four-month period in which the Company would begin implementation of the DSM programs but where costs will be accumulating at a significantly lower rate than when the programs are fully ramped up.¹⁰ According to the Company, implementation of the proposed EE-RAC would increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by \$0.68.¹¹

On November 25, 2014, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition, required APCo to publish notice of its Petition, gave interested persons the opportunity to comment on, or participate in, the proceeding, and scheduled a public hearing. The following parties filed notices of participation in this proceeding: Chesapeake Climate Action Network and Appalachian Voices (collectively, "Environmental Respondents"); the Old Dominion Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On March 19, 2015, the Environmental Respondents filed the testimony and exhibits of its expert witness. On April 3, 2015, the Commission Staff ("Staff") filed the testimonies and exhibits of its witnesses. The Company subsequently filed its rebuttal testimony. The Commission convened a public evidentiary hearing on May 5, 2015. The Commission received testimony from witnesses on behalf of the participants and also received public witness testimony.

¹ 20 VAC 5-201-10 *et seq.*

² 20 VAC 5-304-10 *et seq.*

³ Supporting testimony and other documents also were filed with the Petition.

⁴ Ex. 2 (Petition) at 4.

⁵ *Id.* at 3.

⁶ *Id.* at 4.

⁷ *Id.* at Filing Schedule 46C.

⁸ Ex. 3 (Castle direct) at 4.

⁹ Ex. 2 (Petition) at 4-5.

¹⁰ Ex. 3 (Castle direct) at 4.

¹¹ Ex. 8 (Chau direct) at 5.

On June 5, 2015, post-hearing briefs were filed by the Company, Environmental Respondents, the Committee, Consumer Counsel, and the Staff.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the energy efficiency programs, as proposed by the Company, are not in the public interest, and, thus, APCo's request for approval thereof is denied. The Commission further finds that, with the modifications set forth below, the specific programs approved in this Order are in the public interest.

Code of Virginia

Section 56-585. A 5 c of the Code provides as follows:

5. A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of the following costs:

* * *

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.

None of the costs of new energy efficiency programs of an electric utility, including recovery of revenue reductions, shall be assigned to any customer that has a verifiable history of having used more than 10 megawatts of demand from a single meter of delivery. Nor shall any of the costs of new energy efficiency programs of an electric utility, including recovery of revenue reductions, be incurred by any large general service customer as defined herein that has notified the utility of non-participation in such energy efficiency program or programs. A large general service customer is a customer that has a verifiable history of having used more than 500 kilowatts of demand from a single meter of delivery. Non-participation in energy efficiency programs shall be allowed by the Commission if the large general service customer has, at the customer's own expense, implemented energy efficiency programs that have produced or will produce measured and verified results consistent with industry standards and other regulatory criteria stated in this section. The Commission shall, no later than November 15, 2009, promulgate rules and regulations to accommodate the process under which such large general service customers shall file notice for such an exemption and (i) establish the administrative procedures by which eligible customers will notify the utility and (ii) define the standard criteria that must be satisfied by an applicant in order to notify the utility. In promulgating such rules and regulations, the Commission may also specify the timing as to when a utility shall accept and act on such notice, taking into consideration the utility's integrated resource planning process as well as its administration of energy efficiency programs that are approved for cost recovery by the Commission. The notice of non-participation by a large general service customer, to be given by March 1 of a given year, shall be for the duration of the service life of the customer's energy efficiency program. The Commission on its own motion may initiate steps necessary to verify such non-participants' achievement of energy efficiency if the Commission has a body of evidence that the non-participant has knowingly misrepresented its energy efficiency achievement. A utility shall not charge such large general service customer, as defined by the Commission, for the costs of installing energy efficiency equipment beyond what is required to provide electric service and meter such service on the customer's premises if the customer provides, at the customer's expense, equivalent energy efficiency equipment. In all relevant proceedings pursuant to this section, the Commission shall take into consideration the goals of economic development, energy efficiency and environmental protection in the Commonwealth;

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.

Public Interest

Consistent with the Commission's decisions in prior DSM cases under this statute, we evaluated the Company's Petition to determine whether the proposed programs are "in the public interest" under § 56-585.1 A 5 of the Code.¹² We have considered the four tests listed in § 56-576 of the Code (Total

¹² *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, Doc. Con. Cent. No. 150420228, at 5-6, Final Order

Resource Cost Test, Utility Cost Test, Participant Test, and Ratepayer Impact Measure Test), as well as other relevant factors. The Commission has not used any one of the four tests as a sole determining factor in our analysis.¹³

In addition, one of the other relevant factors that the Commission considers in evaluating the public interest is the cost of the proposed programs and the concomitant impact on customers' bills.¹⁴ The Commission is particularly sensitive to the impact on the bills of customers not participating in the programs ("non-participants"), for whom program costs represent net increases in their monthly bills. The recovery of program costs for "DSM programs ... represents an involuntary wealth transfer (*i.e.*, cross-subsidy) from one set of [the Company's] customers to another," and non-participants "will pay higher rates with no equal and offsetting monetary benefit."¹⁵ In addition, "[c]ertain large commercial and industrial customers are exempted from paying for these programs under § 56-585.1 A 5 of the Code, so the costs fall most heavily on residential and small business customers – ratepayers who represent the majority of the Company's customers."¹⁶

The Commission has also explained that "[i]n adopting § 56-585.1 A 5 of the Code, the General Assembly could have, but did not, provide for increases without limit to customers' bills from DSM programs."¹⁷ The statute does not direct the Commission to approve energy efficiency programs at any cost to customers. The Commission continues to find "that a program's impact on customer rates in both the near and long term is particularly relevant in our evaluation of the public interest," and that "rates are impacted not only by the operating cost of a program, but by the lost revenue cost that [the Company] may collect from customers for an unspecified number of years."¹⁸

Lost Revenues

The Company asserts that the Commission is powerless to consider lost revenues when evaluating the public interest under this statute, that "the Code does not empower the Commission to place a cap on the recovery of lost revenues," and that the Commission "must" approve the Company's programs without any lost revenue caps.¹⁹ The Company's position, however, is contrary to the plain language of the statute, the facts of this case, and Commission precedent.

Section 56-585.1 A 5 c of the Code explicitly prohibits the Commission from approving a DSM program unless "it finds that the program is in the public interest." As noted above, the Commission has consistently found that part of its public interest analysis under this statute includes an evaluation of the overall cost to ratepayers. Further, the "magnitude of the potential recovery of lost revenues, and the bill increases attendant thereto, are among the other relevant factors we consider in evaluating the public interest."²⁰ Indeed, the evidence indicates that costs associated with lost revenues could constitute a significant portion of the costs to customers of these programs and, depending on the program, could be as much as one-half of total program costs.²¹ Contrary to APCo's assertion, the statute has not in the past, and does not now, prohibit the Commission from considering lost revenues in its evaluation of the public interest.

(Apr. 24, 2015) ("2014 DSM Order"); *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, 292, Final Order (Apr. 29, 2014) ("2013 DSM Order"); *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, 300-301, Order (Apr. 30, 2012) ("2011 DSM Order"); *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, 363-364, Order Approving Demand-side Management Programs (Mar. 24, 2010).

¹³ For example, if the Commission required every program to pass each test, then all of the programs would fail the cost/benefit analysis since all of the programs significantly failed the Ratepayer Impact Measure Test. *See, e.g.*, Ex. 3 (Castle direct) at 7; *Id.* at Schedule 1; Ex. 13 (Carsley) at 13, 24.

¹⁴ The Company estimates that its proposed EE-RAC will increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by only sixty-eight cents (\$0.68). Ex. 8 (Chau direct) at 5; Ex. 13 (Carsley) at 26. Such an increase may be portrayed as small, but multiplied by hundreds of thousands of customers, month after month, amounts to millions of dollars. Moreover, it should be considered in the context that since 2007, APCo's customers have experienced multiple rate increases required by law, many of which alone may have been portrayed as small, but which cumulatively resulted in an increase to APCo's residential customers' bills of more than 75%, or more than fifty dollars (\$50.00) per month, which is more than six hundred dollars (\$600.00) per year for the residential customers using 1,000 kilowatt hours per month. *See, e.g.*, *Commonwealth of Virginia, State Corporation Commission, Report to the Commission on Electric Utility Regulation of the Virginia General Assembly and the Governor of the Commonwealth of Virginia*, "Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia" (Sept. 1, 2014, Corrected Feb. 9, 2015), Appendix 1.

¹⁵ 2011 DSM Order at 8, 2012 S.C.C. Ann. Rept. at 300.

¹⁶ 2014 DSM Order at 6.

¹⁷ 2011 DSM Order at 7, 2012 S.C.C. Ann. Rept. at 300.

¹⁸ *Id.* at 9, 2012 S.C.C. Ann. Rept. at 301.

¹⁹ APCo's Post-Hearing Brief at 12-13.

²⁰ 2011 DSM Order at 8, 2012 S.C.C. Ann. Rept. at 300.

²¹ Tr. 141 (Ellis); Ex. 12 (Ellis) at Schedule 1 – Revised.

In addition, lost revenues also represent a specific cost that is included in statutory tests that the Commission is required to consider in evaluating the public interest under § 56-576 of the Code.²² For the test results to have meaning, and for the Commission to implement the plain language of the statute and use such results in its evaluation of the public interest, the lost revenue component thereof cannot be merely illustrative.

The Commission's evaluation of potential lost revenues (as part of the public interest analysis) does not – contrary to APCo's claim – "pre-judge a request that the Company might make in the future" if it seeks lost revenue recovery.²³ The Commission will analyze any subsequent lost revenue request in accordance with the statute when filed. The lost revenue requirements established herein, however, are necessary for the Commission to find – now – that an approved program is in the public interest.

In this regard, the General Assembly has not limited the Commission's discretion to consider all program costs – including lost revenues – in evaluating the public interest as required by statute. APCo's position is essentially that the Commission must, by law, approve a DSM program without knowing the total cost of the program. This would, in effect, give APCo a blank check to spend the approved amount for program costs and then, subsequently, recover an unquantified amount of additional program costs in the form of lost revenues. The statute in no manner mandates this result.

Apparently due to its legal position on lost revenues, APCo did not propose a reasonable estimation of lost revenues attendant to its requested DSM programs.²⁴ Thus, and as explained for prior DSM program requests under this statute:

[The Company's] evidence as to the actual lost revenues it expects to recover from customers, as well as other salient questions such as how it expects to recover such revenues (whether through RACs or base rates), and for how long – remains unclear. This lack of clarity and predictability with regard to important questions of cost recovery for lost revenues is another factor that we consider. This lack of quantifiable and reliable evidence on the total amount of, and recovery mechanisms for, lost revenues is relevant to the broader context in which the public interest must be determined.²⁵

The Commission has also previously stated that it could "not find that it is in the public interest to approve a program for which total costs to customers have not been reasonably projected or limited."²⁶ The Commission likewise finds herein that the proposed programs are not in the public interest without a reasonable estimation of, and a limit on, lost revenues. We further conclude that Staff's lost revenue projections are reasonable for this purpose and shall be incorporated into the cost caps below.

Cost Caps

The Commission finds that costs must be capped as set forth herein in order for the approved three-year programs to be in the public interest.²⁷ That is, "the new energy efficiency programs authorized herein will be subject to specific cost caps, which include all potential costs of the programs – including but not limited to operating costs, lost revenues, common costs, return on capital expenditures, margins on O&M, and evaluation, measurement and verification ('EM&V') costs."²⁸ We further "find that such programs are not in the public interest, and are not approved, absent such cost cap."²⁹ The cost cap for each program is part of the Commission's public interest analysis of that program. Thus, we find that to be in the public interest, the cost caps approved herein shall apply to each specific program, not to the portfolio as a whole.³⁰

Similarly, we conclude (as we have in prior cases) that such programs are only in the public interest if the risk of exceeding the cost cap remains with the utility, not with customers.³¹ APCo can operate its authorized programs accordingly. As to projected program costs, APCo must continue to show in subsequent rider cases involving the programs that the costs remain in the public interest for the purpose of such programs. As to actual expenditures, APCo must provide support to establish the reasonableness of such in subsequent rider cases involving the programs. As to lost revenues: (1) we find that it is neither reasonable nor in the public interest to include projected lost revenues in the EE-RAC; rather (2) as required by statute APCo must prove, among other things, that it incurred actual "revenue reductions related to energy efficiency programs" before recovery of lost revenues will be permitted in subsequent cases.³²

²² Tr. 113 (Loiter), 182 (Carsley) (lost revenues are a component of the Ratepayer Impact Measure Test).

²³ APCo's Post-Hearing Brief at 12.

²⁴ Tr. 226 (Castle) (Company witness Castle stating "since we weren't asking for lost revenues" in this case, we didn't attempt to make that calculation"); Ex. 5; Ex. 6.

²⁵ 2011 DSM Order at 8-9, 2012 S.C.C. Ann. Rept. at 300-301.

²⁶ 2011 DSM Order at 9, 2012 S.C.C. Ann. Rept. at 301.

²⁷ The Commission has expressly implemented the statute in this manner – *i.e.*, establishing limits on program costs, lost revenues, and program length – multiple times beginning in 2012.

²⁸ 2011 DSM Order at 9, 2012 S.C.C. Ann. Rept. at 301. *See also* 2013 DSM Order at 11 n.36, 2014 S.C.C. Ann. Rept. at 293 n.36; 2014 DSM Order at 8 n.27.

²⁹ 2011 DSM Order at 10, 2012 S.C.C. Ann. Rept. at 301.

³⁰ In addition, the cost caps established herein may be exceeded by a maximum of 5% without being in violation of this Order. The cost caps, however, do not represent an amount to which APCo is guaranteed recovery.

³¹ *See, e.g.*, 2011 DSM Order at 10, 2012 S.C.C. Ann. Rept. at 301.

³² *See, e.g., id.* We do not rule herein on how lost revenues may be addressed in future proceedings.

We also find that it is necessary to limit the programs approved herein to three years in order for such to be in the public interest, and that the "cost-effectiveness of these programs should be evaluated with actual implementation data before being extended beyond three years."³³ In addition, the emission guidelines proposed by the Environmental Protection Agency pursuant to Section 111(d) of the Clean Air Act³⁴ create additional uncertainty relevant to these programs. For example, these DSM programs could be an essential component of meeting the Section 111(d) regulations and, as a result, the costs of these programs would be Section 111(d) compliance costs. Significant questions remain, however, as to when the Company will incur Section 111(d) compliance costs and, when incurred, whether the Company would recover those costs through existing base rates or would seek to recover them through rate increases in RACs. This uncertainty, though not needed to justify establishing a temporal limit for these programs, nonetheless further supports restricting program approval at this time to three years.³⁵

Programs

Home Performance Program

We find that the Home Performance Program is not in the public interest if it includes Offering IV, which is directed at new home construction. This offering negatively and unreasonably impacted the cost/benefit analysis of this program.³⁶ We find that this program is in the public interest if it excludes Offering IV, is approved for three years, and is limited to a three-year cost cap of \$8.49 million.³⁷

In addition, we note that APCo objected to the Commission's separate consideration of individual offerings (such as Offering IV) included in the programs as defined by the Company. Contrary to APCo's assertion, neither the statute nor the Commission's DSM rules prohibit consideration of individual offerings within a program. In determining whether a program is in the public interest, it is reasonable to evaluate the offerings that make up that program. Moreover, reasonable discretion exists in defining what constitutes a "program" or an "offering," and whether or not the specific composition of a program is in the public interest.³⁸

Residential Appliance Recycling Program

The appliances eligible for this program shall be limited by size and age (*i.e.*, a minimum 10-year age for refrigerators and freezers) as recommended by Staff and not objected to by the Company.³⁹ We find that this program is in the public interest if it is approved for three years and is limited to a three-year cost cap of \$4.36 million.⁴⁰

Residential Efficient Products Program

We find that the Residential Efficient Products Program is not in the public interest if it includes the high-efficiency clothes washer or the heat pump water heater offerings. These offerings have incremental costs that exceed the present value avoided costs related thereto and negatively and unreasonably impact the cost/benefit analysis of this program.⁴¹ We find that this program is in the public interest if it excludes these two offerings, is approved for three years, and is limited to a three-year cost cap of \$3.91 million.⁴²

Manufactured Housing ENERGY STAR® Program

We find that this program is in the public interest if implemented as set forth in this Order. As Environmental Respondents point out, this program is the most cost-effective in the Company's proposed portfolio based on the Total Resource Cost and Utility Cost Tests.⁴³ We do note that, while APCo projects that approximately 231 homes will participate in the first year, the evidence indicates that only one home has participated in its equivalent program in West Virginia.⁴⁴ We emphasize, therefore, that while we approve this program, if participation levels fall below APCo's projections, ratepayers will only be charged the reasonable amounts actually spent for this program under the cost cap; likewise, if any projected program costs included in rates are

³³ 2014 DSM Order at 6.

³⁴ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 79 Fed. Reg. 34830 (proposed June 18, 2014) (to be codified at 40 C.F.R. pt. 60).

³⁵ *See, e.g.*, 2014 DSM Order at 6.

³⁶ *See, e.g.*, Ex. 13 (Carsley) at 14-16; *id.* at MKC-3; Tr. 170 (Carsley).

³⁷ Ex. 12 (Ellis) at Schedule 1 – Revised (modified to include Heat Pump Tune-Ups and Heat Pump Upgrades as offerings). As noted above, the specific cost caps approved herein include all potential costs of a program – including but not limited to operating costs, lost revenues, common costs, return on capital expenditures, margins on O&M, and EM&V costs.

³⁸ For example, APCo treats Heat Pump Tune-Ups and Heat Pump Upgrades as offerings within its Home Performance Program, whereas the Commission has previously approved similar offerings as stand-alone DSM programs under this statute. 2011 DSM Order at 10, 2012 S.C.C. Ann. Rept. at 301.

³⁹ Ex. 13 (Carsley) at 18; Ex. 17 (Fawcett rebuttal) at 7-8; APCo's Post-Hearing Brief at 7.

⁴⁰ Ex. 12 (Ellis) at Schedule 1 - Revised.

⁴¹ *See, e.g.*, Ex. 13 (Carsley) at 21; Tr. 175 (Carsley).

⁴² Ex. 12 (Ellis) at Schedule 1 - Revised.

⁴³ Environmental Respondents' Post-Hearing Brief at 9.

⁴⁴ *See, e.g.*, Ex. 13 (Carsley) at 20; *Id.* at MKC-6; Tr. 74 (Fawcett).

ultimately unspent due to lack of participation, such costs will be returned to ratepayers in subsequent EE-RAC true-ups. Further, as with the other programs we approve, we find that this program is in the public interest if approved for three years only, and we impose a three-year cost cap of \$2.72 million.⁴⁵

Commercial and Industrial Prescriptive Program

We find that the C&I Prescriptive Program is not in the public interest if it includes the LED Traffic Light, T8 Fluorescent Lighting, or air conditioning offerings. These offerings negatively and unreasonably impact the cost/benefit analysis of this program.⁴⁶ We find that this program is in the public interest if it excludes these three offerings, is approved for three years, and is limited to a three-year cost cap of \$8.08 million.⁴⁷

Commercial and Industrial Custom Program

The Commission finds that this program is not in the public interest. The Company did not present and, indeed, does not know, the specific details of the projects that will be implemented under this program. Rather, APCo suggests that the Company or its contractor will determine whether a specific project is cost-effective on a case-by-case basis. We have previously rejected a similarly proposed procedure that would have delegated the cost-effective determination to Staff. In that instance the Commission noted that, "[a]s explained by Staff counsel,"

such a process 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 before the Commission. Such issues would include 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.⁴⁸

We likewise find that APCo's proposed C&I Custom Program – where the Company or its contractor determines what is, or is not, cost-effective – is not in the public interest.

Cost Allocations

We approve the use of an energy allocator, as proposed by Staff, to allocate program costs among customer classes. The Company does not oppose using an energy allocator for this purpose.⁴⁹ The Committee, however, objects to such allocation and asserts that the Commission should instead use a 100% demand allocator. The Committee argues that a 100% demand allocator is necessary because the Commission uses a demand allocator for similar Dominion Virginia Power programs.⁵⁰ Staff, however, explained that those prior Dominion Virginia Power cases used an "average and excess" allocator, which reflects both energy and demand components.⁵¹

The Committee also argues that a 100% demand allocator is required because Staff's proposal "ignore[s] the demand-related savings expected from APCo's EE programs...."⁵² The Company and Staff, however, testified that the majority of the program benefits will be *energy-related*.⁵³ Indeed, even the Committee acknowledges that "the savings are expected to be primarily *energy-related*," not demand-related.⁵⁴ Thus, the Committee's 100% demand proposal admittedly ignores the majority of the EE program savings. Under these circumstances, we find that it is reasonable and in the public interest to use an energy allocator for this purpose.⁵⁵

⁴⁵ Ex. 12 (Ellis) at Schedule 1 - Revised.

⁴⁶ See, e.g., Ex. 13 (Carsley) at 20-22; Tr. 177-178 (Carsley).

⁴⁷ Ex. 12 (Ellis) at Schedule 1 - Revised.

⁴⁸ *Application 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).

⁴⁹ Ex. 16 (Castle rebuttal) at 5; Tr. 233(Castle).

⁵⁰ Committee's Post-Hearing Brief at 5-6.

⁵¹ Tr. 180-181 (Carsley); Ex. 14.

⁵² Committee's Post-Hearing Brief at 6.

⁵³ Tr. 180 (Carsley); Ex. 4 (Fawcett direct) at 7 (table showing energy and capacity savings anticipated from the Proposed Programs). See also Ex. 16 (Castle rebuttal) at 4 ("the majority of savings are energy savings").

⁵⁴ Committee's Post-Hearing Brief at 6 (emphasis added).

⁵⁵ We also find that it is reasonable at this time to continue to allocate all of the program costs to Virginia jurisdictional customers.

Revenue Requirement

Based on the findings herein, we approve an EE-RAC revenue requirement of \$5,257,843 for the rate year commencing January 1, 2016.⁵⁶

Accordingly, IT IS ORDERED THAT:

- (1) The energy efficiency programs as proposed by the Company are hereby denied.
- (2) Energy efficiency programs are approved for APCo as set forth herein if the Company timely files the notice required by Ordering Paragraph (3), below.
- (3) On or before fourteen (14) calendar days from the date of this Order, the Company shall file notice in this docket if it chooses to implement the energy efficiency programs as approved herein; otherwise, the Commission's approval thereof shall lapse without prejudice.
- (4) If the Company timely files the notice required by Ordering Paragraph (3), above:
 - (a) The Company shall forthwith file revised tariffs showing an EE-RAC rate of zero to be effective within 60 days of this Order through December 31, 2015.
 - (b) On or before November 10, 2015, the Company shall file revised tariffs, with supporting workpapers, designed to recover a Rate Year revenue requirement of \$5,257,843 for Rider EE-RAC to be effective for service rendered on and after January 1, 2016.
 - (c) On or before August 31, 2016, the Company shall file its application to continue Rider EE-RAC.
 - (d) 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.
 - (e) The Company shall file annual evaluation, measurement, and verification reports commencing May 1, 2016, and on May 1 of each year thereafter.
- (5) This matter is continued.

⁵⁶ This reflects the use of projected costs for the 2016 rate year as recommended by Staff. Staff's Post-Hearing Brief at 11. The revenue requirement also utilizes a return on equity of 9.7%, as established in APCo's most recent biennial review case and agreed to herein by APCo and Staff. *Id.* In addition, the Company shall, as requested, file zero-rate EE-RAC tariff sheets to be effective within 60 days of this Order as required by 56-585.1 A 7 of the Code and then subsequently file amended tariff sheets showing the approved rate, effective January 1, 2016. *See, e.g.*, Ex. 15.

**CASE NO. PUE-2014-00039
JUNE 26, 2015**

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

ORDER NUNC PRO TUNC

On October 24, 2014, Appalachian Power Company ("Appalachian" 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 of the State Corporation Commission ("Commission"), and the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, filed with the Commission its petition 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.

On June 24, 2015, the Commission entered its Final Order in this matter. Due to a clerical error, reference to the participation of a respondent, the VML/VACo APCo Steering Committee, was inadvertently omitted from the Final Order.

NOW THE COMMISSION, upon consideration of the clerical error contained in the Final Order, is of the opinion and finds that the Final Order entered June 24, 2015, should be corrected *nunc pro tunc* effective June 24, 2015, and replaced with the Final Order attached hereto.

Accordingly, IT IS ORDERED THAT:

- (1) The Commission's Final Order, entered June 24, 2015, is hereby corrected *nunc pro tunc* and is replaced with the Final Order attached hereto.
- (2) This matter is continued.

**CASE NO. PUE-2014-00042
FEBRUARY 18, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2015

FINAL ORDER

On May 30, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia and the Rules Governing Utility Rate Applications and Annual Informational Filings,¹ filed with the State Corporation Commission ("Commission") its application for approval of an annual revision of its rate adjustment clause, designated Rider W ("Application"). Through its Application, the Company seeks to recover costs associated with the development of the Warren County Power Station, a 1,329-megawatt (nominal) natural gas-fired, combined-cycle electric generating facility and associated transmission interconnection facilities in Warren County, Virginia.²

On June 19, 2014, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. A notice of participation was received by the Virginia Committee for Fair Utility Rates ("Committee"). The hearing was convened, as scheduled, on December 3, 2014. At the hearing, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties"), presented a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding.³

In the Stipulation, the Stipulating Parties agreed in part that: (i) Dominion Virginia Power's Application should be approved, except as modified in the Stipulation; (ii) the rate of return on equity for the Company's revenue requirement, which is comprised of a Projected Cost Recovery Factor and an Actual Cost True-Up Factor, should be 11.0% for the Projected Cost Recovery Factor, 11.4% for the Actual Cost True-Up Factor for January through November 2013, and 11.0% for the Actual Cost True-Up Factor for December 2013; (iii) the issue of the appropriate capital structure to use in calculating Rider W should be litigated in the Company's 2015 biennial review proceeding; (iv) for purposes of calculating the revenue requirement in this proceeding, the Commission should authorize the use of the December 31, 2013 ratemaking capital structure as a placeholder, with the revenue requirement being subject to true-up in a future Rider W proceeding; (v) the total revenue requirement, including Error Corrections and Rounding shown in Staff's pre-filed testimony, subject to the cost of capital issue discussed above, should be \$134,672,000; (vi) the rate design methodology for the Company's Virginia Jurisdictional customer classes should be consistent with the methodology approved in Case No. PUE-2013-00065,⁴ except that for rate schedules that have customers from more than one customer class (Rate Schedules 5, 6, 6TS, and 7), the Rider W rate should be equal to the rate for the customer class that contributes the most kilowatt hours to that rate schedule, and (vii) the revised Rider W rates should become effective for service rendered on and after April 1, 2015.⁵

On January 30, 2015, the Report of Deborah V. Ellenberg, Chief Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In her Report, the Hearing Examiner found that "the terms of the Stipulation are reasonable, supported by the record of this case, and consistent with the Code."⁶ The Report also stated that any under-recovery of costs associated with the use of a December 31, 2013 ratemaking capital structure should be addressed in a future Rider W proceeding.⁷

On February 6, 2015, Dominion Virginia Power and Staff filed comments on the Hearing Examiner's Report. These comments: (i) supported the Hearing Examiner's finding that the Stipulation is reasonable and supported by the record, and (ii) stated that if any under- or over-recovery of costs were to occur when the Commission determines the appropriate capital structure, those under- or over-recoveries should be addressed in a future Rider W proceeding.⁸

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the Stipulation is reasonable and should be accepted. The Commission further agrees that any under- or over-recovery of costs should be addressed in a future Rider W proceeding.

¹ 20 VAC 5-201-10 *et seq.*

² Exhibit ("Ex.") 2 (Application) at 1.

³ At the hearing, the Committee stated that it did not object to the Stipulation. *See* Tr. at 8.

⁴ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2014*, Case No. PUE-2013-00065, Doc. Con. Cen. No. 140230053, Final Order (Feb. 28, 2014).

⁵ Ex. 12 (Stipulation) at 2-4.

⁶ Hearing Examiner's Report at 9.

⁷ *Id.* at 10.

⁸ *See* Comments of the Staff of the State Corporation Commission to Hearing Examiner's Report at 2; Comments of Virginia Electric and Power Company in Support of the Hearing Examiner's Report at 3-4. The Company also noted that while it agreed that any under- or over-recovery of costs should be addressed in a future Rider W proceeding, the facts in the case did not present a need to address carrying costs on any future under- or over-recovery. *See* Comments of Virginia Electric and Power Company in Support of the Hearing Examiner's Report at 4.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application for approval of a revision of its rate adjustment clause, designated as Rider W, is granted in part and denied in part as set forth herein.
- (2) The Stipulation and Recommendation is reasonable and shall be adopted.
- (3) The Company shall forthwith file a revised Rider W and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) Rider W, as approved herein, shall become effective for service rendered on and after April 1, 2015.
- (5) On or before June 1, 2015, the Company shall file an application to revise Rider W effective April 1, 2016.
- (6) 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-2014-00050
MARCH 12, 2015**

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, 2015

FINAL ORDER

On June 16, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia and the directive contained in Ordering Paragraph (4) of the Final Order issued by the State Corporation Commission ("Commission") on March 14, 2014, in Case No. PUE-2013-00060,¹ filed with the Commission its application for approval of an annual revision of its rate adjustment clause ("RAC"), designated 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 from coal-burning generation facilities to renewable biomass generation facilities (collectively, the "Biomass Conversions"). Dominion Virginia Power requests that the proposed RAC become effective for usage on and after April 1, 2015.²

On July 2, 2014, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. The Commission received a notice of participation from the Virginia Committee for Fair Utility Rates ("Committee"). The Hearing Examiner convened a hearing on the Application, as scheduled, on January 22, 2015. At the hearing, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties"), presented a Partial Stipulation and Recommendation ("Partial Stipulation"),³ which, if approved, would resolve most outstanding issues in this proceeding.⁴

One remaining contested issue in this case pertains to the proper treatment of credits associated with Production Tax Credits ("PTCs") and Renewable Energy Certificate ("REC") revenues attributable to the Company's investment in the Biomass Conversions. Dominion Virginia Power asserts that the Commission should permit the Company to treat these credits in the same way as Operations and Maintenance ("O&M") expense, allocating these credits between base rates and Rider B using a gross plant allocator.⁵ Staff asserts that the Company's proposal to use a gross plant allocator is unnecessary because Dominion Virginia Power can direct assign such credits to Rider B, consistent with the Company's direct assignment of the costs of the Company's investment in the Biomass Conversions. While Staff and the Company do not agree about how the credits should be treated, the Staff and the Company do agree that if the Commission were to accept the Staff's proposal to direct assign PTCs and REC revenues, an adjusted revenue requirement of \$8,767,000 is proper for Rider B. In the alternative, Staff and the Company agree that if the Commission accepts the Company's proposal to allocate PTCs and REC

¹ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2014*, Case No. PUE-2013-00060, Doc. Con. Cen. No. 140310403, Final Order (Mar. 14, 2014) ("2013 Rider B Proceeding").

² Ex. 2 (Application) at 1, 14-15.

³ Ex. 12 (Partial Stipulation).

⁴ At the hearing, the Committee stated that it did not, for the most part, object to the Partial Stipulation. The Committee's position on the Partial Stipulation is further detailed below. *See* Tr. at 10-14.

⁵ The Commission approved a gross plant allocation methodology for O&M expense associated with the Biomass Conversions in the 2013 Biennial Review. *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, 377, Final Order (Nov. 26, 2013) ("2013 Biennial Review Final Order").

revenues by using a gross plant allocator, an adjusted revenue requirement of \$13,025,000 is proper for Rider B. The Partial Stipulation memorializes the agreement between the Stipulating Parties.⁶

In the Partial Stipulation, the Stipulating Parties also agreed that: (i) the rate of return on equity for the Company's revenue requirement, which is comprised of a Projected Cost Recovery Factor and an Actual Cost True-Up Factor, should be 12.0% for the Projected Cost Recovery Factor, 12.4% for the Actual Cost True-Up Factor for January through November 2013, and 12.0% for the Actual Cost True-Up Factor for December 2013; (ii) the issue of the appropriate capital structure to use in calculating Rider B should be litigated in the Company's 2015 biennial review proceeding; (iii) for purposes of calculating the revenue requirement in this proceeding, the Commission should authorize the use of the December 31, 2013 ratemaking capital structure as a placeholder, with the revenue requirement being subject to true-up in a future Rider B proceeding; (iv) the rate design methodology for the Company's Virginia Jurisdictional customer classes should be consistent with the methodology approved in Case No. PUE-2013-00060,⁷ except that for rate schedules that have customers from more than one customer class (Rate Schedules 5, 6, 6TS, and 7), the Rider B rate should be equal to the rate for the customer class that contributes the most kilowatt hours to that rate schedule; and (v) the revised Rider B rates should become effective for service rendered on and after April 1, 2015.⁸

At the hearing, the Committee stated that it did not, for the most part, object to the Partial Stipulation.⁹ Specifically, the Committee stated that it supports the Staff's direct assignment of PTCs and REC revenues.¹⁰ The Committee also stated that if the Commission were to accept the Company's allocation methodology, then according to the Partial Stipulation, the revenue requirement would exceed the revenue requirement in the published notice for this proceeding. Therefore, the Committee recommended that if the Commission adopts the Company's proposed allocation methodology, the revenue requirement be limited to the noticed amount.¹¹

On February 19, 2015, Hearing Examiner Michael D. Thomas issued his Report ("Hearing Examiner's Report" or "Report"). In his Report, the Hearing Examiner found that "the Partial Stipulation is fair, reasonable, and in the public interest."¹² The Hearing Examiner also found that "[i]n the absence of any demonstrated harm to ratepayers, [] the Company's proposed allocation methodology is reasonable."¹³ Consistent with these findings, the Hearing Examiner recommended that the Commission approve a Rider B revenue requirement for the Company of \$12,983,000, rather than \$13,025,000 provided in the Partial Stipulation, due to concerns that the Company's proposed revenue requirement exceeds the amount included in the Company's public notice.¹⁴

The Committee, Staff, and the Company filed comments on the Hearing Examiner's Report. In its comments to the Report, the Committee supported the Hearing Examiner's conclusion that the Commission not approve a Rider B revenue requirement in excess of what was noticed to the public.¹⁵ However, the Committee opposed the Hearing Examiner's recommendation that Dominion Virginia Power allocate PTCs and REC revenues between base rates and Rider B as proposed by the Company. Specifically, the Committee requested, instead, that the Commission adopt Staff's proposal for direct assignment, "which properly matches the costs of the Company's investment in the [B]iomass [C]onversion[s] with the benefits that investment creates."¹⁶ Staff, in its comments to the Hearing Examiner's Report, reiterated its support for the direct assignment of PTCs and REC revenues and requested the Commission reject the Company's proposed allocation of PTCs and REC revenues approved in the Hearing Examiner's Report.¹⁷ Dominion Virginia Power, in its comments to the Report, continued to support the allocation of PTCs and REC revenues and requested that the Commission issue a final order in this proceeding adopting the findings and recommendations of the Report.¹⁸

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Partial Stipulation, with a revenue requirement of \$8,767,000, is reasonable and complies with the relevant statutory provisions.

The Altavista, Hopewell, and Southampton Power Stations are comprised of (i) legacy facilities, and (ii) Biomass Conversions. Legacy facilities are in base rates. Biomass Conversions are in Rider B. Accordingly, in prior cases, (i) costs resulting from Dominion Virginia Power's investment in legacy facilities have been included in base rates, and (ii) costs resulting from Dominion Virginia Power's investment in the Biomass Conversions have been

⁶ Ex. 12 (Partial Stipulation) at 3. The two revenue requirements agreed to by Staff and the Company in the Partial Stipulation are based upon Ms. Myers' chart. See Ex. 7 (Myers) at 6.

⁷ 2013 Rider B Proceeding.

⁸ Ex. 12 (Partial Stipulation) at 2-4.

⁹ Tr. at 10-11.

¹⁰ *Id.* at 11.

¹¹ *Id.* at 11-14.

¹² Hearing Examiner's Report at 18.

¹³ *Id.* at 19.

¹⁴ *Id.*

¹⁵ See Comments of the Virginia Committee for Fair Utility Rates on the Report of Michael D. Thomas, Hearing Examiner at 6-7.

¹⁶ *Id.* at 6.

¹⁷ See Staff Comments to the Report of Michael D. Thomas, Hearing Examiner.

¹⁸ See Comments of Virginia Electric and Power Company in Support of the Hearing Examiner's Report.

included in Rider B.¹⁹ Such costs include, for example, investment costs (and associated depreciation expense and property taxes), as well as O&M expenses.²⁰

Similarly, the PTCs and REC revenues resulting from Dominion Virginia Power's investment in the Biomass Conversions should be included in Rider B. In this manner, such credits will be passed directly to customers by reducing the revenue requirement for Rider B. For example, in requesting approval for the Biomass Conversions, Dominion Virginia Power testified that the resulting PTCs "will be passed directly to customers," and the Commission explicitly relied upon such testimony in granting approval therefor.²¹ Accordingly, we reject Dominion Virginia Power's request to assign some of these credits to base rates. The PTCs and REC revenues are received as a result of the Company's investment in the Biomass Conversions approved by the Commission and, thus, should be included in determining the revenue requirement for Rider B. Based on this finding, we approve a revenue requirement of \$8,767,000 for Rider B in this proceeding.²²

Accordingly, IT IS ORDERED THAT:

- (1) Rider B, as approved herein, shall become effective for service rendered on and after April 1, 2015.
- (2) The Partial Stipulation and Recommendation is reasonable and shall be adopted.
- (3) The Company shall forthwith file revised tariff sheets for Rider B and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) On or before June 30, 2015, the Company shall file an application to revise Rider B, effective April 1, 2016.
- (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.

¹⁹ See, e.g., *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton power stations for the rate year commencing April 1, 2013*, Case No. PUE-2012-00072, Doc. Con. Cen. No. 130330134, Final Order (Mar. 22, 2013); 2013 Biennial Review Final Order at 377; 2013 Rider B Proceeding.

²⁰ Since the Company does not track O&M separately for legacy facilities and for the Biomass Conversions, O&M is split between base rates and Rider B using a gross plant allocator. Tr. at 31-32; 2013 Biennial Review Final Order at 377.

²¹ Specifically, in the Commission's Final Order in Case No. PUE-2011-00073, the Commission quoted the testimony of Company witness Kelly who stated that "[t]he \$11/MWh tax credits will provide approximately \$120 million of [net present value] that will be passed directly to customers . . .," when addressing the net present value projections for the Biomass Conversions. *Applications of Virginia Electric and Power Company, For approval and certification of the proposed biomass conversions of the Altavista, Hopewell, and Southampton Power stations under §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated Rider B, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2011-00073, 2012 S.C.C. Ann. Rept. 279, 280-81, fn. 9, Final Order (Mar. 16, 2012).

²² Ex. 7 (Myers) at 6.

**CASE NO. PUE-2014-00051
MARCH 12, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

FINAL ORDER

On June 16, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia and the Rules Governing Utility Rate Applications and Annual Informational Filings,¹ 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 600 megawatt (nominal) primarily coal-fueled generating plant and associated interconnection facilities located in Wise County, Virginia.²

On July 2, 2014, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. A notice of participation was received by the Virginia Committee for Fair Utility Rates ("Committee"). The hearing was convened, as scheduled, on January 7, 2015. At the hearing, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties"), presented a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve all outstanding issues in this proceeding.³

¹ 20 VAC 5-201-10 *et seq.*

² Exhibit ("Ex.") 3 (Application) at 1.

³ The Stipulation was filed with the Clerk of the Commission on January 6, 2015. The Committee did not object to the Stipulation. See, e.g., Tr. at 5.

In the Stipulation, the Stipulating Parties agreed in part that: (i) the rate of return on equity for the Company's revenue requirement, which is comprised of a Projected Cost Recovery Factor and an Actual Cost True-Up Factor, should be 11.0% for the Projected Cost Recovery Factor, 11.4% for the Actual Cost True-Up Factor for January through November 2013, and 11.0% for the Actual Cost True-Up Factor for December 2013; (ii) the issue of the appropriate capital structure to use in calculating Rider S should be litigated in the Company's 2015 biennial review proceeding; (iii) for purposes of calculating the revenue requirement in this proceeding, the Commission should authorize the use of the December 31, 2013 ratemaking capital structure as a placeholder, with the revenue requirement being subject to true-up in a future Rider S proceeding; (iv) the total revenue requirement, including Error Corrections and Rounding shown in Staff's pre-filed testimony, subject to the cost of capital issue discussed above, should be \$244,477,000; (v) the rate design methodology for the Company's Virginia Jurisdictional customer classes should be consistent with the methodology approved in Case No. PUE-2013-00061,⁴ except that for rate schedules that have customers from more than one customer class (Rate Schedules 5, 6, 6TS, and 7), the Rider S rate should be equal to the rate for the customer class that contributes the most kilowatt hours to that rate schedule, and (vi) the revised Rider S rates should become effective for service rendered on and after April 1, 2015.⁵

On February 24, 2015, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner found that "the terms of the Stipulation are reasonable, supported by the record of this proceeding, and consistent with the Code."⁶

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 Stipulation is reasonable and should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval of a revision of its rate adjustment clause, designated as Rider S, is granted in part and denied in part as set forth herein.

(2) The Stipulation and Recommendation is reasonable and shall be adopted.

(3) The Company shall forthwith file a revised Rider S and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(4) Rider S, as approved herein, shall become effective for service rendered on and after April 1, 2015.

(5) On or before June 30, 2015, the Company shall file an application to revise Rider S, effective April 1, 2016.

(6) This case is dismissed from the Commission's docket and placed in closed status in the records maintained by the Clerk of the Commission.

⁴ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center, Case No. PUE-2013-00061, Doc. Con. Cen. No. 140320001, Final Order (Mar. 14, 2014).*

⁵ Ex. 1 (Stipulation) at 2-4.

⁶ Hearing Examiner's Report at 12.

**CASE NO. PUE-2014-00052
MARCH 12, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider R, Bear Garden Generating Station

FINAL ORDER

On June 16, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") and the Rules Governing Utility Rate Applications and Annual Informational Filings,¹ filed with the State Corporation Commission ("Commission") its application for revision of its rate adjustment clause designated Rider R ("Application"). The Company seeks to recover costs of the Bear Garden Generating Station, a 580-megawatt (nominal) natural gas- and oil-fired combined cycle generating facility, and associated transmission interconnection facilities in Buckingham County.

On July 11, 2014, the Commission issued an Order for Notice and Hearing ("Scheduling Order") in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. The public notice prescribed in the Scheduling Order included the Company's as-filed revenue requirement of \$83,559,000. A notice of participation was received by the Virginia Committee for Fair Utility Rates ("Committee").

¹ 20 VAC 5-201-10 *et seq.*

On September 5, 2014, the Company filed Supplemental Direct Testimony, as required by the Commission's July 29, 2014 Final Order in Case No. PUE-2014-00021, to comply with the Commission's directives regarding the implementation of new generation, distribution, and transmission depreciation rates derived in the Company's 2011 Depreciation Study for booking and ratemaking purposes as of January 1, 2012. On November 13, 2014, Commission Staff ("Staff") timely filed its Direct Testimony.

On December 16, 2014, the Company and the Staff filed with the Commission a Stipulation and Recommendation ("Stipulation"), which, if approved, would resolve most of the outstanding issues in this case. In the Stipulation, the Company and Staff agreed that: (i) the rate of return on equity for the Company's revenue requirement, which is comprised of a Projected Cost Recovery Factor and an Actual Cost True-Up Factor, should be 11.0% for the Projected Cost Recovery Factor, 11.4% for the Actual Cost True-Up Factor for calendar year 2012 and for January through November 2013, and 11.0% for the Actual Cost True-Up Factor for December 2013; (ii) the issue of the appropriate capital structure to use in calculating Rider R should be litigated in the Company's 2015 biennial review proceeding; (iii) for purposes of calculating the revenue requirement in this proceeding, the Commission should authorize the use of the December 31, 2013 ratemaking capital structure as a placeholder, with the revenue requirement being subject to true-up in a future Rider R proceeding; (iv) the total revenue requirement, including Error Corrections and Rounding shown in Staff's pre-filed testimony, subject to the cost of capital issue discussed above, should be \$85,641,000; (v) the rate design methodology for the Company's Virginia Jurisdictional customer classes should be consistent with the methodology approved in Case No. PUE-2012-00068,² except that for rate schedules that have customers from more than one customer class (Rate Schedules 5, 6, 6TS, and 7), the Rider R rate should be equal to the rate for the customer class that contributes the most kilowatt hours to that rate schedule, and (vi) the revised Rider R rates should become effective for service rendered on and after April 1, 2015.³

The hearing was convened, as scheduled, on December 17, 2014. At the hearing, the Hearing Examiner heard argument regarding whether the Commission had the authority under the Code to approve a revenue requirement in this proceeding that exceeds the amount provided in the public notice.

On January 6, 2015, Hearing Examiner A. Ann Berkebile filed her Hearing Examiner's Report ("Hearing Examiner's Report" or "Report"). The Hearing Examiner found that the terms of the Stipulation were generally reasonable. However, the Hearing Examiner concluded that the revenue requirement should be limited to the \$83,559,000 amount that was noticed by the Company. The Hearing Examiner found that "principles of due process require such notice to fairly apprise interested persons of the nature of a utility's claim so that such persons can make an informed decision as to whether (and how) they may wish to participate in the Commission's case. In my assessment, fair notice to interested persons of the Company's Rider R Application includes the assumption that the total revenue increase potentially subject to approval will not exceed the amount requested by Dominion Virginia Power in its Application."⁴

On January 20, 2015, Dominion Virginia Power, the Committee, and the Staff filed comments to the Hearing Examiner's Report. The Company stated that it deferred to the Commission's judgment on the propriety of approving a revenue requirement above the noticed amount and would support a finding of either the \$85,641,000 agreed to by the Company and Staff in the Stipulation or the noticed amount of \$83,559,000. The Company further stated that any issue regarding carrying costs on the Company's delayed recovery of Rider R costs should be deferred to a future Rider R proceeding.⁵

Staff stated that it believed that nothing in the Code prevents the Commission from approving the revenue requirement set forth in the Stipulation, but if the Commission finds that the Company's revised Rider R rates should be calculated based on the revenue requirement set forth in the Application, the Company should not be entitled to carrying costs on any deferred amounts.⁶ The Committee supported the Hearing Examiner's recommendation.⁷

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a revenue requirement of \$83,559,000 is reasonable and shall be approved for purposes of this proceeding. In addition, subsequent questions regarding carrying costs may be addressed in a future Rider R true-up proceeding. Finally, on the remaining issues, we adopt the recommendations as set forth in the Hearing Examiner's Report.

Accordingly, IT IS ORDERED THAT:

- (1) Rider R, as approved herein, shall become effective for service rendered on and after April 1, 2015.
- (2) The Stipulation and Recommendation is reasonable and hereby is adopted.
- (3) The Company shall forthwith file a revised Rider R and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) On or before June 1, 2015, the Company shall file an application to revise Rider R, effective April 1, 2016.
- (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.

² *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Power Station, Case No. PUE-2012-00068, Doc. Con. Cen. No. 130210292, Final Order (Feb. 19, 2013).*

³ Ex. 13 (Stipulation) at 3-4.

⁴ Hearing Examiner's Report at 11.

⁵ Comments of Virginia Electric and Power Company in Support of the Hearing Examiner's Report at 5.

⁶ Comments of the Staff of the State Corporation Commission on the Hearing Examiner's Report at 3.

⁷ Comments of the Virginia Committee for Fair Utility Rates on the Hearing Examiner's Report at 4.

**CASE NO. PUE-2014-00068
APRIL 27, 2015**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia

**ORDER APPROVING AMENDED NATURAL GAS CONSERVATION
AND RATEMAKING EFFICIENCY PLAN**

On May 30, 2013, the State Corporation Commission ("Commission") entered an Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan in Case No. PUE-2012-00118,¹ which approved a three-year Conservation and Ratemaking Efficiency Plan ("CARE Plan") for Virginia Natural Gas, Inc. ("VNG" or "Company"), effective June 1, 2013, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) of the Code of Virginia ("Code") (the "CARE Act").²

On September 4, 2014, VNG filed an application ("Application") for authority to amend its CARE Plan to allow the Company to (i) expand its Residential Home Incentive Program by adding a High-Efficiency Natural Gas Furnace measure that would provide an incentive of \$300 to each participant for the purchase of a natural gas furnace with an Annual Fuel Utilization Efficiency rating of 90% or higher ("Gas Furnace Measure") and (ii) increase the incentive cap on the Low-Income Home Weatherization Program ("Low-Income Program") from \$1,000 per participant to \$2,000 per participant.³ In order to implement the proposed amendments to the CARE Plan without modifying the total approved CARE Plan budget, the Company proposed to adjust customer participation numbers and reallocate budgets across the CARE Plan programs.⁴ The Company stated that, although its Annual Report, which was filed August 1, 2014, in Case No. PUE-2012-00118, shows that the CARE Plan is cost-effective overall and results in annual savings for participating customers, customer participation could potentially be increased by making the proposed modifications to the Company's CARE Plan.⁵

On December 30, 2014, the Commission issued its Order Denying Amended Natural Gas Conservation and Ratemaking Efficiency Plan in the above-captioned proceeding ("2014 Order"), which denied the Company's September 4, 2014 Application.⁶ In its 2014 Order, the Commission made the following findings:

... [A]s we have stated in previous CARE Plan orders, we must consider the impact of the CARE Plan on non-participating customers in the affected rate classes. Although the Company does not propose to increase the previously-approved three-year CARE Plan budget, we note that the participation levels in the Residential Home Incentive Program and Low-Income Program were significantly less than what the Company initially estimated. . . . Furthermore, due to the Company's decrease in the total three-year participation level from 79,500 customers to 50,422 customers, the originally-approved \$1.7 million will benefit far fewer customers than what was originally estimated.

With regard to the proposed Gas Furnace measure, we note Staff's concern that VNG's cost/benefit scores do not reflect the allocation of program costs to the measure level, and as a result, cost/benefit scores for this measure may be inflated. . . . Based on the evidence in this case, . . . we do not find that the Company has shown that the specific Gas Furnace measure – proposed herein and at this time – would serve as a cost-effective conservation and energy efficiency program or be consistent with other provisions of the CARE Act.

With regard to the Company's request to increase the project cap in the Low-Income Program from \$1,000 to \$2,000 per participant, we note the lack of evidentiary support for the Company's assertion that the \$1,000 cap created a barrier to the WAP agencies' ability to obtain sufficient funding to start some projects. . . .

....

... As noted by Staff in its Report, doubling the incentive amount 'significantly reduces the cost/benefit test results of the overall CARE Plan portfolio' and greatly increases the costs to non-participants when compared to the benefits received by participating customers. . . . [T]he Company has decreased the total three-year participation level from an estimated 79,500 customers to 50,422 customers. It is worth restating the concern

¹ *Application of Virginia Natural Gas, Inc., For approval of a natural gas conservation and ratemaking efficiency plan and rider*, Case No. PUE-2012-00118, 2013 S.C.C. Ann. Rept. 298, Order Approving Natural Gas Conservation and Ratemaking Efficiency Plan (May 30, 2013) ("2012 Order").

² The Company's current CARE Plan, which the Commission approved in its 2012 Order, includes the following programs: (i) the Residential Home Incentive Program, which includes a High-Efficiency Natural Gas Tank Water Heater measure; (ii) the Home Energy Audit Program; (iii) the Low-Income Home Weatherization Program; and (iv) the Customer Education and Outreach Program.

³ Application at 3-4.

⁴ *Id.* at 2.

⁵ *Id.* at 5-6.

⁶ *See Application of Virginia Natural Gas, Inc., For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00068, Doc. Con. Cen. No. 141230094, Order Denying Amended Natural Gas Conservation and Ratemaking Efficiency Plan (Dec. 30, 2014).

we expressed in Case No. PUE-2009-00139, with regard to VNG's application to amend its previous CARE Plan, where we stated, "[W]e find that VNG's proposed reallocation of funds among certain programs raises an issue of creating potential savings to a smaller group of customers funded by an even larger body of customers, who incur higher rates as a result thereof."⁷

On February 27, 2015, VNG, by counsel, filed an amended application ("Amended Application"). In its Amended Application, VNG seeks approval to modify its current CARE Plan, with the goal of increasing participation in the current CARE Plan and reducing costs associated with the total CARE Plan budget, while addressing the concerns and deficiencies identified by the Commission in its 2014 Order ("Revised Amended CARE Plan"). The Company states that, if approved, the amendments to the Company's current CARE Plan, as proposed in the Amended Application, will decrease an average customer's bill by \$0.68 annually.⁸

In its Amended Application, the Company seeks to add the Gas Furnace Measure to the current CARE Plan, as originally proposed in the Company's September 4, 2014 Application.⁹ In support of its request, the Company presents a revised cost-benefit model, which (i) allocates program costs for the overall Residential Home Incentive Program to the measure level, (ii) includes the results for the amended year ("Program Year 3") participation and costs, (iii) utilizes Staff's "Best Estimate" for additional installation costs for the furnace incentive, and (iv) includes the Low-Income Home Weatherization Program results in the portfolio cost-benefit results.¹⁰ The Revised Amended CARE Plan also removes the Company's request for an increase to the project cap incentive for the Low-Income Home Weatherization Program incentive.¹¹ Finally, the Amended Application proposes a revised CARE Plan budget, which removes the allocations of unused program costs from prior CARE Plan years and reduces the Customer Education and Outreach Program costs and Operational and Administrative costs, which reduces the total CARE Plan budget by \$747,478, resulting in a total revised CARE Plan budget of \$966,562.¹²

If approved by the Commission, the Company proposes that the Revised Amended CARE Plan become effective June 1, 2015, which is the first day of Program Year 3 of its current CARE Plan.

On March 5, 2015, the Commission issued a Procedural Order for Amended Application of Virginia Natural Gas, Inc., that, among other things, reopened the docket, directed the Staff to investigate the Amended Application and file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations, and allowed the Company to file a response ("Response") to the Staff Report.

On April 3, 2015, the Staff filed its Report on the Company's Amended Application. Among other things, the Staff Report analyzed the revised cost/benefit tests filed by the Company in support of its Revised Amended CARE Plan. The Staff Report also included an analysis of four alternative scenarios of the Gas Furnace Measure, with program incentive amounts lower than the \$300 incentive proposed by the Company in the Amended Application. Staff noted that lowering the incentive amount reduces the net cost to non-participants but also lowers the net benefit to program participants.¹³ The Staff Report also included a sensitivity analysis with respect to the Company's natural gas price forecast used in support of the Gas Furnace Measure (keeping all other assumptions incorporated into the Company's cost/benefit model unchanged), as the natural gas price forecast is critical to the determination of the Company's overall avoided cost forecast.¹⁴

On April 8, 2015, the Company filed its Response to the Staff Report. The Company noted that the Revised Amended CARE Plan is intended to offer opportunities for greater participation and savings, for a lower price per participant than under the current CARE Plan budget.¹⁵ In its Response, the Company maintained its position that a \$300 incentive for the Gas Furnace Measure is necessary to "achieve the delicate balance of incenting participation while also minimizing adverse financial impacts to non-participants[.]"¹⁶ With regard to Staff's sensitivity analysis for gas prices, the Company stated that, under the current U.S. Energy Information Administration gas forecast provided by the Company, the Gas Furnace Measure is cost-effective under three of the four requisite cost/benefit tests.¹⁷ The Company noted further that the Gas Furnace Measure is cost-effective in four of the six sensitivities examined by Staff.¹⁸

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Revised Amended CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

⁷ 2014 Order at 8-11 (footnotes omitted).

⁸ Amended Application at 2.

⁹ *Id.* at 3.

¹⁰ *Id.* at 4.

¹¹ *Id.*

¹² *Id.*

¹³ Staff Report at 15.

¹⁴ *Id.* at 16-17.

¹⁵ Response at 8.

¹⁶ *Id.* at 9.

¹⁷ *Id.* at 12.

¹⁸ *Id.*

In evaluating VNG's Amended Application, we again considered, among other factors, the net present value ("NPV") of the benefits and the NPV of the costs under the Total Resource Cost Test, the Program Administrator Test, the Participant Test, and the Ratepayer Impact Measure Test, as required by the CARE Act. As we stated in the 2014 Order, we do not base our decision herein on a single cost/benefit test, but we consider the impact of the proposed Revised Amended CARE Plan on non-participating customers in the affected rate classes. We note that the Company has sought to address the concerns stated in our 2014 Order, by, among other things, reducing the overall CARE Plan budget and allocating program costs to the measure level in the Company's cost/benefit scores for the proposed Gas Furnace Measure. We remain concerned, however, with the level of incentive proposed by the Company for the Gas Furnace Measure, which, as noted in the Staff Report, "represents a monetary transfer from Company ratepayers to program participants."¹⁹ We recognize that lowering the incentive will lower the net cost to non-participants while also lowering the net benefit to program participants.²⁰ We find, however, that an incentive in the amount of \$250 for the Gas Furnace Measure results in a better balance of benefits and costs between program participants and non-participants, as indicated in Table 4 in the Staff Report.²¹ Accordingly, we approve the Gas Furnace Measure with that modification as a cost-effective conservation and energy efficiency program consistent with the requirements of the CARE Act.

On or before August 1, 2015, and each August 1 thereafter, the Company shall file an annual report that measures and verifies the actual results of the amended CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof.

In addition, the Company shall maintain strict and detailed identification and accounting of its program-specific and common costs and shall identify program-specific benefits as well. For example, the Company shall specifically identify how – and what portion of – the costs of the Low-Income Home Weatherization Program are achieving actual, verifiable energy use reductions in the homes of low-income customers. Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs and measures approved herein and are not used, for example, to serve general marketing or public relations purposes. In future CARE Plan applications, VNG shall allocate program costs among program measures in its cost benefit calculations, when directly assignable.

Finally, any subsequent request by VNG to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified evidence of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide measured and verified evidence of cost-effectiveness to support any request to continue or modify other programs approved herein and in the currently-approved CARE Plan. Any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Amended Application for approval to amend its CARE Plan is approved as modified and subject to the requirements set forth herein, and shall be effective June 1, 2015.

(2) The Company shall file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation within thirty (30) days of the entry of this Order Approving Amended Natural Gas Conservation and Ratemaking Efficiency Plan.

(3) This matter is dismissed.

¹⁹ Staff Report at 15.

²⁰ *Id.*

²¹ *Id.*

**CASE NO. PUE-2014-00071
APRIL 24, 2015**

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

FINAL ORDER

On August 29, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code"), the Rules Governing Utility Rate Applications and Annual Informational Filings¹ of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,² the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management ("DSM") Programs,³ and the directives contained in the Commission's April 29, 2014 Final Order in

¹ 20 VAC 5-201-10 *et seq.*

² 20 VAC 5-303-10 *et seq.*

³ 20 VAC 5-304-10 *et seq.*

Case No. PUE-2013-00072,⁴ filed with the Commission its petition ("Petition") for approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses ("RACs").

In its Petition, Dominion sought approval to implement three new DSM programs ("Phase IV programs").⁵ Specifically, the Company requested that the Commission permit it to implement the following proposed DSM programs for the five-year period of May 1, 2015, through April 30, 2020, subject to future extensions as requested by the Company and granted by the Commission:

- Income and Age Qualifying Home Improvement Program;
- Residential Appliance Recycling Program; and
- Qualifying Small Business Improvement Program.⁶

According to the Company, all of its proposed Phase IV programs are energy efficiency programs as defined by § 56-576 of the Code.⁷ In its Petition, as corrected, the Company proposed a five-year spending cap for all three proposed Phase IV programs of \$109,417,260.⁸

Additionally, the Company's Petition requested approval of an annual update to continue two RACs, Riders C1A and C2A, for the May 1, 2015 through April 30, 2016 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")⁹ and Case No. PUE-2013-00072 ("Phase III programs"); (ii) calendar year 2013 true-up of costs associated with the Company's approved Phase II programs; (iii) Rate Year costs and calendar year 2013 true-up costs associated with the Company's Electric Vehicle Pilot Program, which was approved by the Commission in Case No. PUE-2011-00014;¹⁰ and (iv) Rate Year costs associated with the Company's proposed Phase IV programs.¹¹

The cost components for Riders C1A and C2A are comprised of a Rate Year 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 2013 calendar year to the actual revenues collected during the same period. In its Petition, the Company proposed a total revenue requirement for Riders C1A and C2A of \$47,016,361.¹²

For purposes of calculating the Rate Year projected revenue requirement, the Company utilized a general rate of return on common equity ("ROE") of 10.0%.¹³ For purposes of the 2013 calendar year monthly true-up adjustment, the Company has utilized an ROE of 10.4% for the months of January 2013 through November 2013, and has utilized the 10.0% ROE for the month of December 2013.¹⁴

On October 2, 2014, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition, required Dominion to publish notice of its Petition, gave interested persons the opportunity to comment on, or participate in, the proceeding, and scheduled a public hearing. The following parties filed notices of participation in this proceeding: Chesapeake Climate Action Network and Appalachian Voices (collectively, "Environmental Respondents"); the Virginia Committee for Fair Utility Rates ("VCFUR"); and the Office of Attorney General's Division of Consumer Counsel.

⁴ *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, Doc. Con. Cen. No. 140440144, Final Order (Apr. 29, 2014).

⁵ Exhibit ("Ex.") 2 (Petition) at 2.

⁶ *Id.* at 5-6.

⁷ *Id.* at 5.

⁸ *See id.* at Schedule 46B, Statement 7; Tr. 80. 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, and evaluation, measurement and verification costs. The Company further proposed that spending within the cap be flexible among the programs and requested the ability to exceed the spending cap by no more than 5%. Ex. 2 (Petition) at 6-7.

⁹ *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) ("2011 DSM Proceeding").

¹⁰ *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).

¹¹ Ex. 2 (Petition) at 2, 8, 11; Ex. 4 (Direct Testimony of William L. Murray) at 1-2.

¹² Ex. 2 (Petition) at 10, 12. At the hearing, the Company accepted Staff's revised revenue requirement of \$41,378,515. *See* Tr. 46, 139.

¹³ Ex. 2 (Petition) at 9. A 10.0% ROE was approved by the Commission in Case No. PUE-2013-00020. *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013) ("2013 Biennial Review").

¹⁴ Ex. 2 (Petition) at 9. An ROE of 10.4% was approved by the Commission in Case No. PUE-2011-00027. *See Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011) ("2011 Biennial Review").

On January 22, 2015, the Environmental Respondents filed the testimony and exhibits of its expert witness. On February 12, 2015, the Commission Staff ("Staff") filed testimonies and exhibits of its witnesses. The Company subsequently filed its rebuttal testimony. On March 9, 2015, Dominion and Staff (collectively, "Stipulating Parties") filed a Partial Stipulation and Recommendation ("Partial Stipulation"), which resolved an issue between the Stipulating Parties related to the appropriate capital structure to use in this case. The Commission held a public and evidentiary hearing on March 10, 2015. The Commission received testimony from witnesses on behalf of the participants and also received testimony from ten public witnesses.¹⁵

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Dominion seeks approval to continue the two RACs, 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 RAC 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 IV Programs

Consistent with our decision in Dominion's 2011 DSM Proceeding, we evaluated the Company's Petition to determine whether the proposed Phase IV programs are "in the public interest" under § 56-585.1 A 5 of the Code, by considering the four tests discussed in § 56-576 of the Code (Total Resource Cost Test, Utility Cost Test, Participant Test, and Ratepayer Impact Measure Test), as well as other relevant factors. One such factor is the impact of the proposed Phase IV programs on customers' bills. We are particularly sensitive to the impact on the bills of customers not participating in the programs, for whom program costs represent net increases in their monthly bills. Certain large commercial and industrial customers are exempted from paying for these programs under § 56-585.1 A 5 of the Code, so the costs fall most heavily on residential and small business customers – ratepayers who represent the majority of the Company's customers.

We find that the Company has not established that its proposed five-year plan is in the public interest. The Company has likewise not established that the individual Phase IV programs, with five-year durations and at the proposed spending levels, are in the public interest. Rather, the Commission finds that the modifications below are necessary to satisfy the public interest as required by statute.¹⁶

We find that it is neither necessary, nor in the public interest, to approve these programs for five years. The cost-effectiveness of these programs should be evaluated with actual implementation data before being extended beyond three years. In addition, the emission guidelines proposed by the Environmental Protection Agency pursuant to Section 111(d) of the Clean Air Act¹⁷ create additional uncertainty relevant to these programs. For example, these DSM programs could be an essential component of meeting the Section 111(d) regulations and, as a result, the costs of these programs would be Section 111(d) compliance costs.¹⁸ Significant questions remain, however, as to when Dominion will incur Section 111(d) compliance costs and, when incurred, whether the Company would recover those costs through existing base rates or would seek to recover them through rate increases in RACs.¹⁹ This uncertainty further supports limiting program approval at this time to three years.

¹⁵ In addition, VCFUR explained that it intervened in this case to ensure that its members, who are large industrial customers of Dominion, are not required to pay DSM costs as set forth in the statute. Tr. 65-66, 227-228.

¹⁶ The Commission's consideration of the public interest was not based solely on the results of a single factor or a single test. See, e.g., Va. Code § 56-576.

¹⁷ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 79 Fed. Reg. 34830 (proposed June 18, 2014) (to be codified at 40 C.F.R. pt. 60).

¹⁸ See, e.g., Tr. 82-101.

¹⁹ *Id.*

The Company's currently proposed Income and Age Qualifying Home Improvement Program, contrary to the prior low income program, relies upon delivery of energy-efficiency services through Weather Assistance Providers, as opposed to Company contractors, and it includes age-based customers and customers in a wider range of home types.²⁰ These changes will impact both the implementation and the potential results of this program, and we find that it is a new program, not a continuation of the prior one. We find that, to be in the public interest, this three-year program shall be limited to the proposed three-year budget, or approximately \$15.2 million.²¹

The Residential Appliance Recycling Program shall be limited to units that are ten years of age or older,²² and customers shall be limited to two qualifying units during the approved three-year term of this program.²³ These modifications also reduce the number of qualifying secondary refrigerators and separate freezers.²⁴ We find that, to be in the public interest, this three-year program shall be limited to 50% of the proposed three-year budget, or approximately \$4.8 million.²⁵

The Qualifying Small Business Improvement Program is not yet developed to the point where it can be fairly reviewed for approval. Dominion acknowledges that continuing uncertainties remain regarding the program. Indeed, the Company has not yet developed the specific eligibility and implementation criteria that will be utilized for this program.²⁶ The lack of detail regarding important elements of the program also calls into question the accuracy of the Company's cost/benefit analyses offered in support. In addition, there are other issues that may or may not represent concerns, but cannot be fully evaluated on this record. For example, offering the program's benefits to only certain businesses in a limited geographic zone may raise issues of unfairness, if the potential exists for a business on one side of the street to receive benefits subsidized by a competing business literally on the other side of the street and not eligible for the same benefits. Given these several concerns, we conclude at this time that this proposed program is not in the public interest and, thus, deny the program without prejudice.

In sum, we approve the Income and Age Qualifying Home Improvement and the Residential Appliance Recycling Programs, for a three-year period, subject to a cost cap of \$15.2 million and \$4.8 million, respectively.²⁷ Accordingly, we approve a Rate Year credit of \$1,553,300 for Rider C1A and a revenue requirement of \$38,063,448 for Rider C2A, for a total of \$36,510,148.²⁸

Discontinued DSM Programs

In 2010, the Commission approved, and implemented RACs for, the following five DSM programs for Dominion: Residential Lighting Program; Low Income Program; Commercial HVAC Upgrade Program; Commercial Lighting Program; and Air Conditioner Cycling Program ("Phase I programs").²⁹ In 2011, the Commission increased base rates under § 56-585.1 A 3 of the Code in order to combine those RACs (former Riders C1 and C2) with base rates as required by that statute.³⁰ Specifically, the express terms of § 56-585.1 A 3 of the Code required that such RACs "shall be combined with the utility's costs, revenues and investments until the amounts that are the subject of such [RACs] are fully recovered." As a result, although there was not a base rate increase under § 56-585.1 A 8 of the Code, a base rate increase was required by § 56-585.1 A 3 of the Code in order to combine the Phase I RACs with Dominion's costs, revenues and investments.

In 2013, the Commission decreased base rates under § 56-585.1 A 3 of the Code for Phase I programs that were fully recovered. Specifically, Dominion had discontinued three of the Phase I programs.³¹ Since § 56-585.1 A 3 of the Code only permits combination with base rates until "fully

²⁰ See, e.g., Ex. 15 (Direct Testimony of Mark K. Carsley) at 11-12; Ex. 16 (Rebuttal Testimony of Michael T. Hubbard) at 8-11.

²¹ See, e.g., Ex. 2 (Application) at Schedule 46B; Ex. 20 (Rebuttal Testimony of David L. Turner) at Rebuttal Schedule 7. In addition to the Company's existing reporting requirements, we also direct Dominion to file quarterly reports updating the actual implementation data for this program.

²² See, e.g., Ex. 15 (Direct Testimony of Mark K. Carsley) at 12-22.

²³ The Company has not shown that its proposal to allow a single customer to recycle two units per year – every year – is in the public interest, practicable, and not unreasonably subject to abuse that could materially alter the results of this program.

²⁴ See, e.g., Ex. 15 (Direct Testimony of Mark K. Carsley) at 15-18, Attachment No. MKC-4.

²⁵ See, e.g., Ex. 2 (Application) at Schedule 46B; Ex. 20 (Rebuttal Testimony of David L. Turner) at Rebuttal Schedule 7.

²⁶ See, e.g., Ex. 17 (Rebuttal Testimony of Jim Herndon) at 14-15; Ex. 16 (Rebuttal Testimony of Michael T. Hubbard) at 14-15; Tr. 197-199.

²⁷ 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 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 of the total amount of the approved cost cap. See 2012 S.C.C. Ann. Rept. at 301, n. 20. Finally, Dominion has not requested herein – nor have we approved – recovery of any lost revenues for these programs. Dominion represented at the hearing that it would not seek recovery of lost revenues for the periods that have been reviewed in a biennial review proceeding or for periods prior to a previous true-up for Rider C1A and Rider C2A. See Tr. 215-217.

²⁸ See Ex. 13 (Direct Testimony of Britton Ellis) at Schedule 12 (revised).

²⁹ *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, Order Approving Demand-Side Management Programs (Mar. 24, 2010).

³⁰ See 2011 Biennial Review, 2011 S.C.C. Ann. Rept. at 465-466.

³¹ Dominion had discontinued the Residential Lighting Program, Commercial Lighting Program, and Commercial HVAC Upgrade Program.

recovered," and since the three discontinued Phase I programs had been fully recovered, base rates had to be reduced under this statute. As a result, although there was not a base rate decrease under § 56-585.1 A 8 of the Code, a base rate decrease was required by § 56-585.1 A 3 in order to remove the former costs of the three discontinued programs from the Company's costs, revenues and investments.³² After removal of those three programs, only two of the Phase I programs remained combined with base rates pursuant to § 56-585.1 A 3: the Low Income and the Air Conditioner Cycling Programs.

Dominion has now discontinued the Low Income Program, and the costs of such program have been fully recovered under § 56-585.1 A 3 of the Code.³³ As a result, § 56-585.1 A 3 requires that the former costs of such program must no longer be combined with Dominion's costs, revenues and investments. Accordingly, the Low Income Program shall no longer be combined with base rates. Based on 2014 billing determinants, this will reduce Dominion's annual base rate revenues by approximately \$6.7 million.³⁴

Partial Stipulation

To calculate its proposed revenue requirement, the Company used a December 31, 2013 capital structure with an equity ratio of approximately 52%.³⁵ Staff, in contrast, supported the use of the December 31, 2013 capital structure adjusted to include an equity ratio of 50%.³⁶ As noted above, Dominion and Staff filed a Partial Stipulation, in which the Stipulating Parties agreed that the issue of the appropriate capital structure to use in calculating Riders C1A and C2A should be litigated in the Company's upcoming 2015 biennial review proceeding and, for purposes of calculating the revenue requirement in this proceeding, a December 31, 2013 ratemaking capital structure should be used, subject to true-up in a future DSM proceeding.³⁷ We find that the Partial Stipulation is reasonable and should be accepted.

Riders C1A and C2A

As stated above, we approve a total revenue requirement of \$36,510,148 for Riders C1A and C2A for the Rate Year associated with the Proposed Phase IV programs, the Phase III programs, the Phase II programs, the EV Pilot Program, and the calendar year 2013 true-up of costs. For purposes of calculating the Rate Year projected revenue requirement, an ROE of 10.0% shall be utilized and, for purposes of the 2013 calendar year monthly true-up adjustment, an ROE of 10.4% for the months of January 2013 through November 2013, and an ROE of 10.0% for the month of December 2013, shall be utilized. Further, consistent with the Partial Stipulation, a December 31, 2013 ratemaking capital structure shall be used to calculate the revenue requirement. Finally, we approve the Company's proposed cost allocation and rate design.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Petition is hereby granted in part and denied in part as set forth herein.
- (2) The Partial Stipulation and Recommendation is reasonable and shall be accepted.
- (3) Consistent with § 56-585.1 A 3 of the Code, the Low Income Program shall no longer be combined with the Company's base rates, for service rendered on and after May 1, 2015.
- (4) The Company shall forthwith file revised tariffs, designed to recover a Rate Year credit of \$1,553,300 for Rider C1A and revenue requirement of \$38,063,448 for Rider C2A, and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order, including, but not limited to, revised tariffs that comply with the Commission's directive that the Low Income Program shall no longer be combined with the Company's base rates.
- (5) Riders C1A and C2A as approved herein shall become effective for service rendered on and after May 1, 2015, and shall become effective for billing purposes 15 calendar days following the issuance of this Order.
- (6) On or before September 1, 2015, the Company shall file its application to continue Riders C1A and C2A.
- (7) 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.
- (8) Dominion shall continue to file its annual evaluation, measurement, and verification reports and, in addition, shall file quarterly reports updating the actual implementation data for the Income and Age Qualifying Home Improvement Program approved herein.
- (9) This matter is continued.

³² See 2013 Biennial Review, 2013 S.C.C. Ann. Rept. at 377.

³³ See, e.g., Ex. 13 (Direct Testimony of Britton Ellis) at 7-9. See also Ex. 5 (Direct Testimony of Michael T. Hubbard) at Schedule 3, p. 1 (confirming the Low Income Program was discontinued as of December 31, 2014).

³⁴ See, e.g., Ex. 13 (Direct Testimony of Britton Ellis) at 7-8.

³⁵ See, e.g., Ex. 23 (Rebuttal Testimony of James R. Chapman) at 2.

³⁶ Ex. 14 (Direct Testimony of Lawrence T. Oliver) at 3.

³⁷ Ex. 3 (Partial Stipulation) at 2.

**CASE NO. PUE-2014-00086
JUNE 15, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities for the Brambleton-Mosby 500 kV Transmission Line #546 pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia

FINAL ORDER

On August 22, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents ("Application") for approval and certification of electric transmission facilities pursuant to §§ 56-46.1 and 56-265.1 *et seq.* of the Code of Virginia ("Code") to build, entirely within existing rights-of-way, a 500 kilovolt ("kV") Brambleton-Mosby Transmission Line #546 ("Line #546") in Loudoun County, and to perform associated work at the existing Mosby Switching Station and the Brambleton Substation ("Project").¹

According to the Company, the proposed approximately 5.2-mile Line #546 utilizes an existing 250-foot wide transmission right-of-way which is currently occupied by three transmission lines: 500 kV Line #558, approved for rebuild in Case No. PUE-2013-00110;² 230 kV Line #2045; and 230 kV Line #2094.³ In connection with the Project, the Company will relocate the existing 230 kV Line #2094 to the Project's proposed structures as an under-build.⁴ The Company states that the Project will be built using new galvanized steel towers identical to those approved by the Commission in Case No. PUE-2013-00110.⁵

Dominion Virginia Power states that these changes are necessary because power flow studies conducted by the Company and PJM Interconnection, L.L.C., identified the need for the construction of the proposed Project to relieve violations of mandatory North American Electric Reliability Corporation ("NERC") Reliability Standards by summer of 2018.⁶ The Company asserts that the Project is necessary to maintain the overall long-term reliability of its transmission system and that the failure to address these projected NERC violations could impact service reliability.⁷

The Company states that the in-service date for the proposed Project is June 1, 2018.⁸ According to Dominion Virginia Power, the estimated cost for the proposed Project is approximately \$27.3 million, of which approximately \$17.4 million would be spent on transmission line construction and approximately \$9.9 million would be spent on station work.⁹

On October 2, 2014, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; granted an opportunity for interested persons to request a hearing on the Application; granted an opportunity for interested persons to comment on the Application or participate in this proceeding; and directed the Commission Staff ("Staff") to investigate the Application and file a report thereon ("Staff Report").

On December 1, 2014, Mark Trostle, president of the Willowsford Homeowners Association, filed a letter requesting a hearing on the Application, stating that "the residents of the Willowsford Community, with homes immediately adjacent to the Brambleton Substation, have serious concerns about the health, safety and visual impacts of the proposed project."

On December 22, 2014, the Commission issued an Order Assigning Hearing Examiner and Scheduling Local Hearing ("Order"). The Order scheduled a local public hearing for January 27, 2015, in Leesburg, Virginia, to receive public comments. The Commission further ordered the Company to publish notice of the public hearing; assigned a Hearing Examiner to conduct all further proceedings in this matter; and established a modified procedural schedule.

After notice to Loudoun County and to the public, a local public hearing on the Application was conducted on January 27, 2015, in Leesburg, where a number of public witnesses testified.

¹ Ex. 1 (Application) at 2.

² *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities for the Loudoun-Pleasant View 500 kV Transmission Line #558 Rebuild pursuant to §§ 56-46.1 and 56-265.1 et seq. of the Code of Virginia*, Case No. PUE-2013-00110, Final Order (April 28, 2014).

³ Ex. 6 (Direct Testimony of Stefan R. Brooks) at 3.

⁴ Ex. 1 (Appendix to Application) at 2.

⁵ *Id.*

⁶ *Id.* at 3.

⁷ *Id.*

⁸ *Id.*

⁹ Ex. 4 (Direct Testimony of Robert J. Shevenock II) at 2.

On March 3, 2015, the Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. The Staff concluded that the Company demonstrated the need for the proposed Project and that the Company considered four alternative solutions that were rejected because of technical challenges to implementation, greater impacts, higher estimated costs, or failure to provide the same benefits as the proposed Project.¹⁰ Staff did not oppose the Company's request that the Commission issue the necessary certificate of public convenience and necessity for the proposed Project.¹¹

On March 20, 2015, Staff and the Company filed a Joint Filing Addressing Additional Procedures ("Joint Filing"). In the Joint Filing, the Company and Staff agreed to the scope and components of the proposed facilities for which the Company seeks approval and further agreed that no additional hearing or procedures were necessary in advance of a Hearing Examiner's Report in this docket. Further, the Company and Staff agreed to the submission into the record, without cross-examination, of the Application, prefiled testimony, Staff Report, Comments of the Department of Environmental Quality ("DEQ Report"), and the proofs of notice.

By ruling dated March 30, 2015, the scope of the proposed Project was clarified and the Application, prefiled testimony, Staff Report, DEQ Report, and the proofs of notice were marked as exhibits and made a part of the record in this proceeding.

On May 1, 2015, the Report of Howard P. Anderson, Jr., Hearing Examiner, ("Hearing Examiner's Report" or "Report") was filed. The Report sets forth the procedural history of the case; summarizes the record; analyzes the evidence and issues in this proceeding; sets forth findings and recommendations; and advises the case participants of their opportunity to file responses. The Hearing Examiner recommended that the Commission grant the Application, with certain conditions.

On May 19, 2015, the Company, by letter, advised that the Company agrees with and supports the conclusion and recommendations in the Hearing Examiner's Report and requested that the Commission issue a final order granting approval and certification of the Project.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require the construction of a 500 kV Brambleton-Mosby Transmission Line #546 in Loudoun County, and associated work at the existing Mosby Switching Station and the Brambleton Substation, and that a certificate of public convenience and necessity should be issued authorizing the Project.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 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 Commission also must consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

We agree with the Hearing Examiner that the Company has sufficiently demonstrated need for the Project. The evidence supports a finding that the proposed Project will address load growth in the region, reduce projected heavy contingency loading, reinforce the existing network, and improve operational flexibility.¹³

¹⁰ Ex. 9 (Staff Report) at 9-13.

¹¹ *Id.* at 21.

¹² The scope of the Project approved is as agreed by the Company and Staff and more fully described in the Hearing Examiner's March 30, 2015 Ruling.

¹³ Report at 14.

Economic Development and Service Reliability

We agree with the Hearing Examiner that the proposed facilities will have a positive impact on economic development in the Loudoun County area and will have a positive impact on Virginia's economy by facilitating reliable electric service.¹⁴

Routing and Right-of-Way

The Company did not consider any routing alternatives for its proposed transmission lines because, if approved, the lines would be located entirely on existing right-of-way. Thus, Dominion Virginia Power was not required, in accordance with § 56-46.1 of the Code, to demonstrate that existing rights-of-way could not adequately serve its needs. Similarly, § 56-259 C of the Code is inapplicable to this proceeding because the Company seeks no additional easements associated with the Project.

Scenic Assets and Historic Districts

We find the Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the fact that the proposed Project will be located in existing rights-of-way, adverse impacts on scenic assets and historic districts in the region will be minimized as required by § 56-46.1 B of the Code.

Environmental Impact

Sections 56-46.1 A and B of the Code require the Commission to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. Section 56-46.1 A of the Code 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 Hearing Examiner addressed the Virginia Department of Environmental Quality's ("DEQ") coordinated review of the Application by state and local agencies and the DEQ Report admitted as Exhibit 8.¹⁵

The DEQ Report summarized the recommendations as follows:

Conduct an on-site delineation of all wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers (Corps), 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.

Obtain additional information on [Resource Conservation and Recovery Act] hazardous waste facilities identified in the project area.

Research DEQ's Petroleum Contamination (PC) case files to identify petroleum releases to establish the location, nature, and extent of any petroleum releases.

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 Department of Historic Resources regarding recommendations to complete the *Pre-Application Analysis*; to evaluate identified resources for listing in the Virginia Landmarks Register and National Register of Historic Places; and to avoid, minimize, or mitigate for adverse impacts to [Virginia Landmarks Register]- and [National Register of Historic Places]-eligible resources.

Coordinate with Federal Aviation Administration as recommended by the Virginia Department of Aviation to prevent potential hazards to aviation and impacts to airport development.

Follow the principles and practices of pollution prevention to the extent practicable.

Limit the use of pesticides and herbicides to the extent practicable.¹⁶

We find that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report. We therefore find that, as a condition of our approval herein, Dominion Virginia Power must comply with all of the DEQ's recommendations as provided in the DEQ Report, with the exception of recommendation (10) of the DEQ's Office of Wetlands and Stream Protection ("OWSP"). We agree with the Hearing Examiner that the recommendations contained in the DEQ Report are, with the exception of

¹⁴ *Id.* at 15.

¹⁵ *Id.* at 6-8; 15.

¹⁶ *Id.* at 7-8.

OWSP recommendation (10), reasonable and should be implemented by the Company.¹⁷ With regard to recommendation (10) of OWSP, we agree with the Hearing Examiner that the Company should not be required to adhere to undefined time-of-year restrictions on its construction.

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed 500 kV Brambleton-Mosby Transmission Line #546 in Loudoun County on the route proposed in the Company's Application subject to the findings and conditions imposed herein. The Company is also authorized to perform necessary construction at its existing Mosby Switching Station and Brambleton Substation.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for a certificate of public convenience and necessity to construct and operate a second 500 kV Brambleton-Mosby Transmission Line #546 is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificate of public convenience and necessity:

Certificate No. ET-91y, 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-2014-00086, cancels Certificate No. ET-91x, issued to Virginia Electric and Power Company on April 28, 2014, in Case No. PUE-2013-00110.

(4) The Commission's Division of Energy Regulation shall provide the Company copies of the certificate issued in Ordering Paragraph (3) with the detailed map attached.

(5) The transmission line and associated substation work approved herein must be constructed and in service by June 1, 2018; provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) As there is nothing further to come before the Commission, this matter is dismissed from the Commission's docket of active cases and shall be placed in closed status in the records maintained by the Clerk of the Commission.

¹⁷ *Id.* at 15.

**CASE NO. PUE-2014-00087
JANUARY 29, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

In re: Virginia Electric and Power Company's Integrated Resource Plan Filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On August 29, 2014, Virginia Electric and Power Company ("DVP" or the "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-599 C of the Code of Virginia and the guidelines established by the Commission in Case No. PUE-2008-00099 ("Guidelines"),¹ the Company's total system 2014 Integrated Resource Plan ("2014 IRP") that it also filed with the North Carolina Utilities Commission.² The 2014 IRP was accompanied by a Motion for Protective Order ("Motion").³

Section E of the Guidelines provides that ". . . by September 1 of each year in which a plan is *not* required, each utility shall file a narrative summary describing any significant event necessitating a major revision to the most recently filed IRP, including adjustments to the type and size of resources identified." Section E of the Guidelines further provides that "[i]f the utility provides a total system IRP in another jurisdiction by September 1 of the year in which a plan is not required, filing the total system IRP from the other jurisdiction will suffice for purposes of this section."

NOW THE COMMISSION, upon consideration of the Company's filing herein and accompanying Motion as well as the applicable law and the Guidelines, is of the opinion and finds that the Company's 2014 IRP complies with the Guidelines and should be accepted for filing. The Commission also is of the opinion and finds that DVP's Motion for Protective Order is no longer necessary and should, therefore, be denied. We note that the Commission has

¹ See *Commonwealth of Virginia, ex rel. State Corporation Commission, Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq. [of the] Code of Virginia*, Case No. PUE-2008-00099, 2008 S.C.C. Ann. Rept. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

² On October 3, 2014, the Company filed a copy of corrected page 78 of its 2014 IRP.

³ DVP simultaneously filed with the Clerk of the Commission both an original copy of its 2014 IRP, under seal, containing confidential information, and a public version of its IRP with confidential information redacted. The Company's August 29, 2014 filing also included a cover letter from Thomas P. Wohlfarth, Senior Vice President – Regulatory Affairs, which provides an overview of the Company's 2014 IRP.

received no requests during this proceeding for leave to review the confidential information. Accordingly, we deny the Motion for Protective Order as moot but direct the Clerk of the Commission to retain such information under seal.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's 2014 IRP is accepted for filing.
- (2) The Company's Motion for Protective Order is hereby denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.
- (3) There being nothing further to come before the Commission, this matter is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2014-00089
JULY 30, 2015**

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

FINAL ORDER

On October 30, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*, an application ("Application") for approval of a rate adjustment clause ("RAC") designated Rider U, for new underground distribution facilities for the rate year commencing September 1, 2015, through August 31, 2016 ("2015 rate year"). 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 new legislation,¹ which "allows a utility to petition the Commission for approval of a RAC pursuant to clause (iv) of Subsection A 6 for recovery of the costs of new underground facilities to replace overhead distribution facilities of 69 kilovolts [] or less."² The Company states that it developed a Strategic Underground Program ("SUP"), and that the long-term objective of the SUP is to convert approximately 4,000 miles of overhead tap lines located throughout Virginia to new underground distribution facilities, comprising total conversion of over 11,000 tap lines ranging from 0.1 mile to over 2.5 miles each.³ Dominion expects completion of the SUP by the year 2026 at an estimated total cost of almost \$6 billion.⁴

The Application states that the Company expects to be able to convert approximately 526 miles of overhead tap lines at an investment of approximately \$263 million beginning in 2014 through August 31, 2016.⁵ Full recovery of this first-year investment would occur over approximately 40 years at a total cost to customers, as proposed by Dominion, of over \$700 million.⁶ The Company seeks approval at this time of Rider U with an associated revenue requirement in the amount of \$24,444,000 for the 2015 rate year to recover projected financing costs, depreciation, property tax and income tax expenses, and amortization of deferred costs associated with the new underground facilities.⁷ Dominion states that it will seek adjustments of surcharge recoveries for any over- or under-recovery of costs associated with new underground facilities in subsequent Rider U proceedings.⁸

On November 17, 2014, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on or participate in the proceeding, and scheduled a public hearing. The following parties filed notices of participation in this proceeding: the Virginia Committee for Fair Utility Rates ("Committee"); the Virginia Cable Telecommunications Association ("VCTA"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On March 19, 2015, Consumer Counsel filed the testimony and exhibits of its witness. On April 16, 2015, the Commission Staff ("Staff") filed the testimonies and exhibits of its witnesses. On April 28, 2015, the Staff filed supplemental testimony. On April 29, 2015, the Company filed rebuttal testimony. On April 30, 2015, the Company filed additional rebuttal testimony.

¹ See Chapters 212 and 548 of the 2014 Virginia Acts of Assembly.

² Ex. 2 (Application) at 3.

³ *Id.* at 4-5.

⁴ This includes capital costs, property and income tax expenses, and financing costs. See, e.g., *id.* at 5; Ex. 23; Tr. 210.

⁵ Ex. 2 (Application) at 5; Tr. 265.

⁶ This includes capital costs, property and income tax expenses, and financing costs. See, e.g., Ex. 26; Tr. 263-264.

⁷ Ex. 21 (Givens Rebuttal) at 5; Dominion's Post-Hearing Brief at 7.

⁸ Ex. 2 (Application) at 9.

The Commission convened a public evidentiary hearing on the Company's Application on May 12, 2015.⁹ The Commission received testimony from witnesses on behalf of the participants and admitted evidence on the Application. At the conclusion of the hearing, the Commission received closing arguments from counsel and further directed the filing of post-hearing briefs. On June 26, 2015, post-hearing briefs were filed by the Company, Consumer Counsel, and the Staff.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code of Virginia

Section 56-585.1 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). In all proceedings regarding petitions filed under clause (iv), the level of investments approved for recovery in such proceedings shall be in addition to, and not in lieu of, levels of investments previously approved for recovery in prior proceedings under clause (iv).

In determining whether to approve petitions for rate adjustment clauses for new underground facilities, and in determining the level of costs to be recovered thereunder, the Commission shall liberally construe the provisions of this title and shall give due consideration to the public policy goals of increased electric service reliability and reduced outage times associated with the replacement of existing overhead distribution facilities with new underground facilities.

Section 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.*).

Dominion, Consumer Counsel, and Staff agree on the applicability of the above statutes to the current proceeding,¹⁰ and the Commission has fully applied such in analyzing the evidence and arguments presented in this case.

Rider U

As explained by Dominion, "[t]he Company is requesting approval for the first portion of the SUP, wherein the Company expects to convert approximately 526 miles of overhead tap lines to underground at a projected cost of \$263 million through the end of the initial Rate Year."¹¹ If the Commission approves this initial capital expenditure of \$263 million, Dominion will recover this cost through Rider U over the estimated 40-year life of these new facilities. Based on Dominion's proposal, at the conclusion of that 40-year period the Company will have recovered from customers over \$700 million through Rider U for this initial Rate Year investment of \$263 million, which includes capital costs, property and income tax expenses, and financing costs.¹² For purposes of the instant case, Dominion's specific "revenue requirement request for the rate year beginning September 1, 2015 through August 31, 2016 is \$24.444 million."¹³

The Commission has applied the statutes above, which includes liberally construing the relevant provisions of § 56-585.1 A 6 and giving due consideration to the public policy goals identified therein. Based on the record developed in this case, we agree with Consumer Counsel that Dominion has not established that its proposed \$263 million investment is reasonable, prudent, and in the public interest. Dominion did not present evidence to establish that its proposed level of spending for the first portion of the SUP is cost effective based on any reasonable criteria.¹⁴ Dominion also did not establish that its

⁹ The VCTA and the Committee did not participate in the evidentiary hearing.

¹⁰ See, e.g., Tr. 24, 28, 33; Dominion's Post-Hearing Brief at 4; Consumer Counsel's Post-Hearing Brief at 2-3; Staff's Post-Hearing Brief at 3-5.

¹¹ Dominion's Post-Hearing Brief at 3.

¹² See, e.g., Ex. 26; Tr. 263-264.

¹³ Dominion's Post-Hearing Brief at 3.

¹⁴ See, e.g., Consumer Counsel's Post-Hearing Brief at 3-13.

proposed first-year SUP would result in specific reliability improvements justifying such an extensive, and expensive, program.¹⁵ Moreover, Dominion presented no evidence showing that it considered whether any possible alternatives to its proposed SUP could increase reliability at a lower, and reasonable, cost to ratepayers.¹⁶

As summarized by Consumer Counsel: "Despite the unprecedented size of the proposed SUP, the Company has not conducted a cost-benefit analysis, has not provided any estimate regarding reliability improvements or economic benefits to customers, and has not considered any lower-cost alternatives."¹⁷ Based on this record, we cannot conclude that it is reasonable, prudent, and in the public interest for Dominion to invest \$263 million – and ultimately to charge customers over \$700 million – for the first portion of the SUP as proposed by the Company.

Further, although the above finding is limited to the first year of Dominion's proposed SUP as requested for Rider U herein, the Commission cannot ignore that this case reflects year one of a proposed 10-year capital spending program. Specifically, the Company explained that its proposed SUP is not simply limited to one year but, rather, represents a 10-year project during which Dominion will invest approximately \$2 billion to underground certain tap lines.¹⁸ Thus, Dominion specifically presented the SUP as a 10-year project, the benefits of which will not be fully realized until final completion.¹⁹ As with the initial \$263 million investment requested in the instant case, Dominion's planned \$2 billion investment would be recovered from customers through Rider U over the life of the facilities. By the time this \$2 billion is fully recovered by the Company, it will have cost customers almost \$6 billion to pay for the capital costs, property and income tax expenses, and financing costs over the life of these assets.²⁰ The record in this case, however, shows that requiring customers to pay for an undergrounding program at this level of expense is unprecedented in Virginia or elsewhere. As testified by Consumer Counsel witness Norwood in reference to the type of undergrounding program proposed herein: "No utility in the country has ever undertaken a project of this magnitude."²¹

The Commission, however, also finds that a more limited program, at a lower cost, specifically targeting tap lines with the worst reliability records and that would be used to provide realistic cost-benefit analyses and credible measurements of any demonstrative improvements in reliability, could reasonably satisfy the statutory requirements attendant to Rider U, but approving such an option has not been presented to us on this record. In this regard, Consumer Counsel witness Norwood testified that he could support a much smaller undergrounding program than the Company has proposed, such as in the nature of a pilot, strictly capped as to cost and time frame,²² which is similar to what this Commission has typically done in demand-side management cases.²³ We are inclined generally to agree. We believe it could be worthwhile to conduct a pilot-type program on a scale far smaller, and much less burdensome to ratepayers, than Dominion proposes herein. The purpose would be to use these pilots to gather the data that is notably missing from the Company's Application, such as 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.

Unfortunately, the Commission cannot at this time rule on the specific details of any potential smaller-scale SUP, because a more limited program is not subsumed within, nor been presented and/or litigated as part of, the existing factual record. Indeed, Dominion has neither proposed nor asked the Commission to consider a smaller-scale program, and Consumer Counsel asserts that the Commission cannot approve a more limited program on the current record.²⁴ Moreover, we note that charges for certain underground distribution costs are currently included in base rates, that Dominion has implemented a distribution reliability program for the past several years in which it undergrounded its worst-performing tap lines at a cost of approximately \$1 million per year (which costs were recovered through base rates),²⁵ and it is unclear on the current record if any portion of a smaller-scale SUP would be recovered through existing base rates. Based on our findings in this Order and the current record, the Commission's only option at this time is to reject the current Application.

Finally, although not considered by the Commission as part of our analysis herein, we are cognizant of the overall rate context currently facing Dominion's customers and in which this decision is made. For example, these customers – residential, commercial, and industrial – face the continuing pressure of higher rates in the future for increases in RACs that cover the cost of generation facilities, transmission-related cost increases approved at the federal level, and environmental compliance costs. There is also uncertainty at this point as to whether specific cost increases to comply with federal

¹⁵ See, e.g., Consumer Counsel's Post-Hearing Brief at 3-5. Consumer Counsel further states that "63% of the tap lines that Dominion proposes to underground experienced five or fewer 'events' (which may or may not have resulted in any *outage time*) during the last 10 years. Approximately 42% of the lines Dominion proposes to underground experienced three or fewer events during the last 10 years." *Id.* at 5 (citations omitted) (emphasis in original).

¹⁶ See, e.g., *id.* at 3.

¹⁷ *Id.* at 1.

¹⁸ See, e.g., Tr. 268, 273.

¹⁹ See, e.g., Ex. 8 (Carter Direct) at 10; Tr. 268, 273.

²⁰ See, e.g., Ex. 23; Tr. 210.

²¹ Tr. 228-229.

²² See, e.g., Tr. 143-145.

²³ See, e.g., *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 (April 19, 2013); *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 (April 29, 2014).

²⁴ Consumer Counsel's Post-Hearing Brief at 11-12.

²⁵ See, e.g., *id.* at 12.

carbon-control regulations will be borne through frozen base rates or paid through customer bill increases in RACs. It is in this context that Dominion has proposed to embark on this new, unprecedented multi-billion dollar program. Even without considering this backdrop, Dominion has failed to justify the initiation of a SUP that could eventually cost customers almost \$6 billion.

Accordingly, IT IS ORDERED THAT the Application is denied and this matter is dismissed.

**CASE NO. PUE-2014-00091
OCTOBER 26, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to revise Rate Schedule Nos. 4, 7, 9 and 11 of its tariff, VA S.C.C. No. 9

ORDER APPROVING TARIFF REVISIONS

On September 3, 2014, Washington Gas Light Company ("WGL" or "Company") filed an application with the State Corporation Commission ("Commission") seeking authority to revise Rate Schedule Nos. 4, 7, 9 and 11 of the Company's Tariff, VA S.C.C. No. 9 ("Application"). These rate schedules contain the terms and conditions for Interruptible Service, Interruptible Delivery Service, Firm Delivery Service Gas Supplier Agreement and Interruptible Delivery Service Gas Supplier Agreement.

On September 25, 2014, the Commission entered an Order for Notice and Comment, which docketed the Application and required the Company to provide notice of the Application to all of its customers being served under the rate schedules at issue and to all gas competitive service providers ("CSPs") licensed in Virginia. The Order for Notice and Comment also provided interested parties with an opportunity to comment on the Application, participate as a respondent, and request a hearing on the Application.¹

Written comments were filed by the Upper Occoquan Service Authority ("UOSA") and the Southern Management Corporation ("Southern Management"), interruptible service customers of WGL. Comments, notices of participation, and requests for hearing were filed by the Retail Energy Supply Association ("RESA"), NOVEC Energy Solutions, Inc. ("NOVEC Energy"), and Stand Energy Corporation ("Stand Energy") (collectively, "Suppliers"); and the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). On October 29, 2014, WGL filed its Reply Comments. On October 30, 2014, AOBA filed a Motion for Leave to File Supplemental Filing ("Supplemental Filing Motion").

On November 6, 2014, the Commission entered an Order Appointing Hearing Examiner assigning this matter to a Hearing Examiner to conduct all further proceedings in this matter and to file a final report. No responses to AOBA's Supplemental Filing Motion were filed. On November 20, 2014, the Hearing Examiner entered a Ruling granting AOBA's Supplemental Filing Motion. The Hearing Examiner entered a Ruling on December 4, 2014, stating that WGL, the Suppliers, AOBA and the Staff of the Commission ("Staff") agreed that further scheduling in this case should be deferred pending additional negotiations relative to WGL's Application, and directing WGL to file a report in this docket on or before January 14, 2015, advising the Commission of the status of such negotiations.

On January 14, 2015, WGL filed a status report representing that the Suppliers and AOBA had participated in meetings with WGL pertaining to the proposed tariff revisions, and that the Suppliers and AOBA were amenable to continue discussions pertaining to the proposed tariff revisions. On April 15, 2015, the Hearing Examiner entered a Ruling directing WGL to file a monthly status report in this docket. WGL subsequently filed status reports on April 29, 2015, May 29, 2015, July 1, 2015, and July 31, 2015.

On August 14, 2015, WGL filed a Joint Motion to Accept Settlement Agreement ("Joint Motion") with Stand Energy and the petitioners (including NOVEC Energy) in Case No. PUE-2014-00095 ("Complaint Case")² concurrently in this proceeding and the Complaint Case. The Joint Motion states, among other things, that the parties to the Settlement Agreement (attached hereto as Attachment A) had reached an agreement regarding revisions to Rate Schedule Nos. 9 and 11 (applicable to CSPs).³ The Settlement Agreement states that it constitutes a full settlement and compromise of the CSP-related issues in similar proceedings pending before the Maryland and District of Columbia Public Service Commissions.⁴ The Settlement Agreement states further that it is "conditioned upon acceptance of the terms of the Settlement Agreement and the applicable revised tariff sheets by the Public Service Commissions of Maryland and the District of Columbia."⁵

On September 1, 2015, WGL filed a status report with proposed revisions to Rate Schedule Nos. 4 and 7, stating that WGL had reached an agreement regarding such tariff revisions with AOBA, Southern Management and UOSA. The Staff did not oppose the proposed tariff revisions.

On September 10, 2015, the Hearing Examiner's Report ("Report") was filed, in which the Hearing Examiner stated that "the agreed-upon revisions to [Rate Schedule Nos. 4, 7, 9 and 11] . . . represent a reasonable compromise of the issues raised by the Application and should be approved by the

¹ On October 14, 2014, the Commission entered an Order Granting Extension, modifying the notice and procedural schedule in this case.

² See *Petition of Integrys Energy Services – Natural Gas, LLC; Compass Energy Gas Services, LLC; Direct Energy Services, LLC; NOVEC Energy Solutions, Inc.; and Bollinger Energy, LLC v. Washington Gas Light Company*, Case No. PUE-2014-00095 (filed Sept. 15, 2014).

³ Joint Motion at 2. The Staff did not oppose the Joint Motion. By letter dated September 10, 2015, RESA advised the Commission that it does not oppose the Settlement Agreement's proposed changes to Rate Schedule Nos. 9 and 11.

⁴ Settlement Agreement at 2-3.

⁵ *Id.* at 7.

Commission."⁶ The Hearing Examiner also recommended that the Commission retain jurisdiction over this matter, and the related Complaint Case, pending notification from WGL regarding approval of the Settlement Agreement by the Public Service Commissions of Maryland and the District of Columbia.⁷

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Settlement Agreement and attached revised tariff pages for the Company's Rate Schedule Nos. 9 and 11 are reasonable and should be adopted, contingent upon approval of the Settlement Agreement and applicable revised tariff sheets by the Public Service Commissions of Maryland and the District of Columbia. We further find that the agreed-upon revisions to Rate Schedule Nos. 4 and 7, filed on September 1, 2015, and attached hereto as Attachment B, are reasonable and should be accepted in this case.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the September 10, 2015 Hearing Examiner's Report are hereby adopted.
- (2) Concurrent with our findings in Case No. PUE-2014-00095, the Settlement Agreement and attached revised tariff pages for the Company's Rate Schedule Nos. 9 and 11, attached hereto as Attachment A, are adopted, contingent upon approval of the Settlement Agreement and applicable revised tariff sheets by the Public Service Commissions of Maryland and the District of Columbia.
- (3) The revised tariff pages for the Company's Rate Schedule Nos. 4 and 7, as reflected in Attachment B, hereto, are approved.
- (4) Upon notification by WGL of approval of the Settlement Agreement and applicable revised tariff sheets by the Public Service Commissions of Maryland and the District of Columbia, WGL shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance complete revised tariffs for Rate Schedule Nos. 4, 7, 9 and 11, as approved herein. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (5) This matter shall remain open pending notification from WGL of approval of the Settlement Agreement and applicable revised tariff sheets by the Public Utility Commissions of Maryland and the District of Columbia.

⁶ Report at 5. On September 10, 2015, the Hearing Examiner issued a Report in the Complaint Case, recommending that the Commission approve the Settlement Agreement in conjunction with the Commission's approval of revised Rate Schedule Nos. 9 and 11 in the current case.

⁷ Report at 5.

**CASE NO. PUE-2014-00095
OCTOBER 26, 2015**

PETITION OF
 INTEGRYS ENERGY SERVICES – NATURAL GAS, LLC;
 COMPASS ENERGY GAS SERVICES, LLC;
 DIRECT ENERGY SERVICES, LLC;
 NOVEC ENERGY SOLUTIONS, INC.;
 and
 BOLLINGER ENERGY, LLC
 v.
 WASHINGTON GAS LIGHT COMPANY

ORDER APPROVING SETTLEMENT AGREEMENT

On September 15, 2014, Integrys Energy Services – Natural Gas, LLC; Compass Energy Services, LLC; NOVEC Energy Solutions, Inc.; Direct Energy Services, LLC; and Bollinger Energy, LLC (collectively, "Petitioners"), by counsel, filed a petition with the State Corporation Commission ("Commission") requesting the Commission to prohibit Washington Gas Light Company ("WGL") from imposing penalties relating to the Petitioners' gas deliveries for WGL's Customer Choice Program in Virginia during the period of January 2014 through March 2014 ("Petition"). On October 10, 2014, WGL filed a Response of Washington Gas Light Company to Formal Complaint, summarizing the basis for assessing penalties against the Petitioners during the time period at issue.

On October 10, 2014, the Commission entered an Order Appointing Hearing Examiner, which docketed the Petition and assigned the matter to a Hearing Examiner to conduct all further proceedings in this case. On November 10, 2014, A. Ann Berkebile, Hearing Examiner, entered a Ruling, which scheduled an evidentiary hearing and established a procedural schedule.

On December 15, 2014, the Petitioners filed the direct testimony of Meg Brunson, Orlando Magnani, Kelly Kaiser and Howard Spinner.¹ On January 9, 2015, WGL filed the testimony of Victoria Opoku and Nimmie S. Hickman. On January 22, 2015, the Staff filed the testimony of Marc A. Tufaro. On February 3, 2015, the Petitioners filed the rebuttal testimony of Meg Brunson, Orlando Magnani, Kelly Kaiser and Howard Spinner.

The evidentiary hearing was convened on February 10, 2015. Counsel for the Petitioners, WGL, and Staff were present at the hearing. Through the pre-filed and live testimony of the Petitioners' witnesses, the Petitioners maintained that the penalties assessed by WGL for the period of January 2014 to March 2014 were inconsistent with the provisions of WGL's tariff (Rate Schedule Nos. 9 and 11). The Petitioners asserted, among other things, that: (1) the

¹ The confidential versions of the Petitioners' direct testimonies were filed on December 16, 2014, along with a Motion for Extension of Time ("Motion"), stating that the Petitioners were unable to file the confidential versions of their respective testimonies on December 15, 2014. The Commission Staff ("Staff") and WGL did not oppose the Motion, which the Hearing Examiner granted on December 17, 2014.

tariff does not specifically reference WGL's Pipeline Delivery Matrix ("Delivery Matrix"), the alleged violation of which triggered the penalties assessed by WGL against the Petitioners; (2) Rate Schedule Nos. 9 and 11 do not clearly articulate that the failure of competitive service providers ("CSPs") of natural gas to comply with the Delivery Matrix would result in the imposition of penalties; (3) WGL's past behavior with regard to the Petitioners' compliance with the Delivery Matrix should preclude WGL from assessing penalties for the time period at issue; and (4) the penalties assessed against the Petitioners were excessive.²

WGL asserted that the definition of "Daily Required Volume" ("DRV") allowed it to communicate, by way of the Delivery Matrix, the required minimum and maximum percentage of gas deliveries to be made by CSPs on the interstate gas pipelines feeding WGL's system.³ WGL further maintained that a CSP's failure to comply with the Delivery Matrix constituted a failure to comply with the DRV provision in the tariff, subjecting the CSP to penalties under the tariff.⁴

On April 17, 2015, the Petitioners and WGL filed a Joint Motion to Suspend Procedural Schedule ("Motion to Suspend"), stating that the Petitioners and WGL had reached an agreement in principle that would include a settlement of all issues in this case as well as the CSP-related issues in WGL's tariff proceeding – Case No. PUE-2014-00091.⁵ On April 20, 2015, the Hearing Examiner issued a ruling granting the Motion to Suspend, suspending the procedural schedule pending further ruling of the Hearing Examiner, and directing the Petitioners and WGL to submit a status update regarding settlement negotiations on or before June 1, 2015. Status reports were subsequently filed in this case on June 1, 2015, and July 31, 2015.

On August 14, 2015, the Petitioners and WGL, along with Stand Energy Corporation ("Stand Energy") (collectively, the "Settling Parties"),⁶ filed a Joint Motion to Accept Settlement Agreement ("Joint Motion") concurrently in this proceeding and in the Tariff Case.⁷ The Joint Motion states that the Settlement Agreement (attached hereto as Attachment A) resolves all issues in the current proceeding as well as all issues relating to WGL's proposed revisions to its tariffs applicable to CSPs (Rate Schedule Nos. 9 and 11) in the Tariff Case.⁸ Specifically, the Petitioners and Stand Energy agree to the assessment of limited penalties⁹ and to revisions of Rate Schedule Nos. 9 and 11 to clarify CSPs' compliance obligations with regard to the Delivery Matrix.¹⁰ The Settling Parties also state that the Settlement Agreement constitutes a full settlement and compromise of the CSP-related issues in similar proceedings pending before the Maryland and District of Columbia Public Service Commissions.¹¹ The Settlement Agreement states that it "is conditioned upon Commission acceptance of its terms, in their entirety, as well as acceptance by the Public Service Commissions of Maryland and the District of Columbia."¹²

On September 10, 2015, the Hearing Examiner's Report was filed, in which the Hearing Examiner stated that "the terms of the Settlement Agreement are reasonable and should be approved by the Commission in conjunction with the Commission's approval of revised Rate Schedules 9 and 11 in the Tariff Case."¹³ The Hearing Examiner also recommended that the Commission retain jurisdiction over the Petition, and the related Tariff Case, pending notification from WGL regarding approval of the Settlement Agreement by the Public Service Commissions of Maryland and the District of Columbia.¹⁴

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Settlement Agreement is reasonable and should be adopted, contingent upon approval of the Settlement Agreement by the Public Service Commissions of Maryland and the District of Columbia.

² See, e.g., Report of A. Ann Berkebile, Hearing Examiner, Case No. PUE-2014-00095 (Sept. 10, 2015) ("Hearing Examiner's Report" or "Report"), at 3 n. 9-12 (citations to the record therein).

³ See, e.g., Ex. 14 and 14C (Opoku) at 4-7; Ex. 21 (Hickman) at 5-7, 10.

⁴ See, e.g., Ex. 14 and 14C (Opoku) at 4-7, 11, Exh. VO-6, Exh. VO-7 (attached to Ex. 14 and 14C).

⁵ See *Application of Washington Gas Light Company, For authority to revise Rate Schedule Nos. 4, 7, 9 and 11 of its tariff*, VA S.C.C. No. 9, Case No. PUE-2014-00091 (filed Sept. 3, 2014) ("Tariff Case").

⁶ Stand Energy, a licensed CSP in WGL's service territory, filed a notice of participation in the Tariff Case. See Notice of Participation of Stand Energy Corporation, Case No. PUE-2014-00091 (filed Oct. 17, 2014).

⁷ As noted in the Joint Motion, Staff did not oppose the Joint Motion or Settlement Agreement.

⁸ Joint Motion at 2. As stated in WGL's status report filed in the Tariff Case on September 1, 2015, WGL and the intervenors in that case have resolved the issues relating to Rate Schedule Nos. 4 and 7, pending approval by the Commission.

⁹ Settlement Agreement at 7-8, Exhibit 2 attached thereto.

¹⁰ See Exhibit 1 attached to the Settlement Agreement.

¹¹ Settlement Agreement at 2-3.

¹² *Id.* at 3.

¹³ Report at 4. On September 10, 2015, the Hearing Examiner issued a Report in the Tariff Case, recommending that the Commission approve the agreed-upon revisions to Rate Schedule Nos. 4, 7, 9 and 11.

¹⁴ *Id.* at 4-5.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the September 10, 2015 Hearing Examiner's Report are hereby adopted.
- (2) Concurrent with our findings in Case No. PUE-2014-00091, the Settlement Agreement attached hereto as Attachment A is adopted, and its terms are incorporated herein.
- (3) This matter shall remain open pending notification from WGL of approval of the Settlement Agreement and applicable revised tariff sheets by the Public Utility Commissions of Maryland and the District of Columbia.

**CASE NO. PUE-2014-00096
MARCH 24, 2015**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia

FINAL ORDER

On November 24, 2014, Columbia Gas of Virginia, Inc. ("Columbia Gas" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority to amend its current natural gas conservation and ratemaking efficiency plan ("CARE Plan") approved by the Commission in Case No. PUE-2012-00013.¹ The Commission approved the Company's CARE Plan on August 6, 2012, for the three-year period of January 1, 2013, through December 31, 2015.

Columbia Gas's Application requested authority to amend its CARE Plan: (i) to increase the budget for the duct sealing and insulation combination measure by \$590,400; (ii) to increase the budget for the high-efficiency natural gas furnace with an average fuel utilization rate efficiency \geq 90% measure ("high-efficiency furnace measure") by \$181,500; and (iii) to increase the Home Savings Program administrative budget by \$69,830 (collectively, the "Supplemental Budget Request" or "Amended CARE Plan").² The Application stated that the Supplemental Budget Request would increase the total budget under the CARE Plan from \$5.7 million to \$6.5 million.³ The Company requested to implement the Supplemental Budget Request effective March 31, 2015, through December 31, 2015, the remaining approval period of the CARE Plan, and to incorporate the increased expenditures into the previously approved CARE Program Adjustment ("CPA") and Program Performance Incentive ("PPI") mechanisms of the CARE Plan.⁴ The Company stated that the CARE Plan's CPA, inclusive of the increased expenditures proposed in the Application, would cost the average residential customer using about 70 Mcf approximately \$12 in 2015.⁵

On December 12, 2014, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application, directed the Company to provide public notice of its Application; allowed interested persons to file comments on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report containing the Staff's findings and recommendations; and allowed the Company to file responses to the Staff Report and any comments filed by interested persons.

No comments were filed on the Company's Application by interested persons.

On February 23, 2015, the Staff filed its report ("Staff Report" or "Report") on the Company's Application. Among other things, the Report examined the cost-effectiveness of the proposed Amended CARE Plan, including a critique of the general assumptions and structure of the Company's cost/benefit model, and provided an evaluation of the Supplemental Budget Request, as well as an examination of the Company's proposed Amended CARE Plan budget.

With respect to the Company's cost/benefit analysis of its Amended CARE Plan, the Staff Report expressed concern that the Company's analysis included both actual CARE Plan costs and benefits already incurred as well as projected costs and benefits of the proposed amendments going forward.⁶ In addition, the Report noted that since the filing of the Application, the Company has notified the Staff that it intends to carry \$421,872 in unused funds from 2014 to 2015, which should be taken into account in the Company's cost/benefit analysis of the Amended Care Plan.⁷

¹ *Application of Columbia Gas of Virginia, Inc., For authority to amend and extend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00013, 2012 S.C.C. Ann. Rept. 395, Final Order (Aug. 6, 2012).

² Application at 1.

³ Application at 2.

⁴ The Company represents that no changes are being proposed to the methodologies of the previously approved CPA and PPI mechanisms in effect under the approved CARE Plan. Direct Testimony of Kristine M. Johnson at 2. The Company also represents that the Supplemental Budget Request will not affect the previously approved Revenue Normalization Adjustment. Application at 2.

⁵ Application at 2.

⁶ Staff Report at 11-12.

⁷ *Id.* at 12.

Staff's analysis of the high-efficiency furnace measure included an assessment of sensitivity of the cost/benefit results to future natural gas prices and an assessment of the measure-specific assumptions supporting the cost/benefit analysis of the measure.⁸ The results of those assessments showed that the cost/benefit analysis was not particularly sensitive to volatility in natural gas prices and that the assumptions underlying the cost/benefit analysis were reasonable and properly incorporated the Company's evaluation, measurement and verification ("EM&V") results for the measure.⁹

The Staff Report expressed several concerns about the Company's request to expand the duct sealing and insulation measure. The Report questioned the Company's payment of the full \$450 rebate to large numbers of participating customers who have had only duct sealing performed, rather than both duct sealing and insulation.¹⁰ In addition, because the energy savings from duct insulation is nearly twice the savings from duct sealing, the savings achieved by a participant on average will likely be much less than assumed in the Company's cost/benefit analysis.¹¹ Based on Staff's analysis using a lower natural gas savings estimate, the cost/benefit test ratios for the Total Resource Cost test and Ratepayer Impact Measure test would fall below 1.0.¹² The Report further stated that the Company's assumption as to the incremental participant cost for duct sealing appeared to underestimate the actual incremental cost incurred by participants.¹³ Finally, the Staff Report expressed concern that the Company's natural gas savings estimates have not been supported by an EM&V assessment of participants in the duct sealing and insulation measure and that the Company has not performed on-site, physical verification of the work performed by contractors to ensure that contractors are performing in accordance with the terms and conditions of the Company's CARE Plan.¹⁴ Staff recommended that the Company undertake a review of the assumptions, design, and implementation of the duct sealing and insulation measure and that the Company conduct thorough EM&V to assess the assumptions underlying the cost-effectiveness of the program.¹⁵

With respect to the proposed Supplemental Budget Request, the Staff Report did not support the requested budget increase for the duct sealing and insulation measure and recommended that the remaining requested increase should be funded by the unused CARE Plan budget that was carried over from 2014.¹⁶

On March 5, 2015, Columbia Gas filed Reply Comments addressing the Staff Report. With respect to the duct sealing and insulation measure, the Company acknowledged that it had not completed independent EM&V of the measure "due to limited prior participation in the measure, and agree[d] that the completion of this analysis could provide additional useful information to potentially revise" the measure.¹⁷ The Company stated further that:

[i]n order to allow time to complete the EM&V and to address Staff's concerns, the Company hereby withdraws its request for authorization of \$590,400 in incremental 2015 funding of the Duct Sealing and Insulation Combination measure and the associated \$47,878 increase in Home Savings Program administrative budget funding necessary to process additional anticipated Duct Sealing and Insulation rebates.¹⁸

With respect to the high-efficiency furnace measure, the Company stated that it continues to require authorization to spend \$174,040 in incremental 2015 measure funding and an associated \$13,592 in Home Savings Program administrative budget funding ("Revised Supplemental Budget Request").¹⁹ The Company states that the CPA, inclusive of the Revised Supplemental Budget Request, the funds carried over from Program Year 2014 to Program Year 2015, and the budget transfers into the Home Savings Program, will cost the average residential customers using about 70 Mcf approximately \$10.79 in 2015.²⁰ The Company also provided revised usage reduction targets for purposes of the PPI.²¹

The Reply Comments asserted that the level of participation anticipated for the other programs and program measures precludes the funding carried over from 2014 from being applied to the high-efficiency furnace measure.²² The Company asserted that the majority of funds carried over from Program Year 2014 must be reallocated to support the attic insulation measure and even with that reallocation, the 2015 attic insulation measure budget will likely be depleted before the end of March of 2015.²³ Absent approval of the Revised Supplemental Budget Request, Columbia Gas stated that it will be

⁸ *Id.* at 15.

⁹ *Id.* at 17.

¹⁰ *Id.* at 20-21.

¹¹ *Id.* at 22.

¹² *Id.*

¹³ *Id.* at 23.

¹⁴ *Id.* at 24.

¹⁵ *Id.* at 30.

¹⁶ *Id.* at 27.

¹⁷ Reply Comments at 3.

¹⁸ *Id.*

¹⁹ *Id.* at 4.

²⁰ *Id.* at 11.

²¹ *Id.* at 12.

²² *Id.* at 5.

²³ *Id.* at 6.

required to stop accepting requests for high-efficiency furnace measure rebates by mid-May of 2015.²⁴ The Company further explained that the high-efficiency windows measure has experienced a three-fold increase in 2015 rebate activity compared to the same period in 2014, resulting in the need for the remaining budgeted funds for that measure.²⁵

The Company concluded by urging the Commission to approve the Revised Supplemental Budget Request to ensure the continuity of the high-efficiency furnace measure and cautioned that interruption of rebate offerings would hinder efforts to develop and strengthen relationships with trade allies and program partners, erode customer confidence, and undermine customer education and outreach efforts.²⁶

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application is denied.

As revised by its Reply Comments, the Company requests to increase the budget for the high-efficiency furnace measure by \$174,040, together with an increase of \$13,592 in the Home Savings Program administrative budget, to be implemented over the remaining nine months of its CARE Plan. Pursuant to the 2012 Stipulation that was approved by the Commission, the Company is permitted to carry over and reallocate unspent funds among its approved programs and measures to a certain extent. Using that flexibility, the Company has advised the Commission that it intends to carry over \$421,872 from the 2014 Program Year to the 2015 Program Year. Together with the requested increase to the high-efficiency furnace measure, this will result in a 2015 CARE Plan budget increase of \$609,504, which is approximately 31% greater than projected by the 2012 Stipulation, as modified by our Final Order in Case No. PUE-2013-00114.

In evaluating the Application, we have considered, among other relevant factors, the NPV of the benefits and the costs under the following four tests: Utility Cost, Participant, RIM, and TRC. We have not used any of these four tests as a sole determining factor in our analysis. We have also considered, among other factors, the overall impact of the Company's CARE Plan on its customers, both participants and non-participants, which include not only residential, but also business customers, for which energy costs are a major element of the cost of doing business in Virginia.

While the Company withdrew its request for an increased budget for the duct sealing and insulation measure, we are concerned about what appears to be problems with overpayment of rebates, questionable program design and assumptions supporting its cost/benefit analysis, and a lack of any credible EM&V, all of which raises significant questions about the reliability of the Company's measure performance data.²⁷ Further, the funds over-expended by the Company on this program, which the Company has not proven cost-effective in implementation, could have been used to support other cost-effective programs in the Company's portfolio.

The Commission finds that the Company has not established herein that it is reasonable to increase the budget for the high-efficiency furnace measure. We find that the Company's unused carryover funds from 2014, totaling \$421,872, can be reallocated to existing programs and the total budget is adequate to support the Company's CARE Plan for the remainder of 2015; however, the Company has not established that it is reasonable to further increase its 2015 CARE Plan budget, and the corresponding CPA paid by customers, at this time.²⁸

Accordingly, IT IS ORDERED THAT the Company's Application to amend its CARE Plan is denied, and this matter is dismissed.

²⁴ *Id.*

²⁵ *Id.* at 8.

²⁶ *Id.* at 12.

²⁷ *See, e.g.*, Staff Report at 20-24.

²⁸ We also note that the Company's current CARE Plan budget is more than triple the amount of the CARE Plan budgets of Virginia Natural Gas, Inc., and Washington Gas Light Company, the only other local gas distribution companies with approved CARE Plans in Virginia.

**CASE NO. PUE-2014-00099
NOVEMBER 6, 2015**

PETITION OF
AUBON WATER COMPANY, INC.,
and
HANNON B. GRAVES

For approval of a transfer of assets of a Virginia water public utility, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On October 7, 2014, Aubon Water Company, Inc. ("Aubon"), and Hannon B. Graves ("Graves") (collectively, "Petitioners") completed the filing of a Petition with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹ requesting approval of a transfer of certain assets of a Virginia water public utility ("Transfer"). Specifically, pursuant to a Real Estate Purchase Contract ("Contract"), Aubon proposes to sell to Graves Well Lot #10 of the water system in the Long Island Estates community in Franklin County, Virginia ("Lot"). The Petitioners represent that the Lot has been abandoned and is no longer needed by Aubon to serve its customers. The Petitioners further represent that Graves wishes to purchase the Lot for personal use and has agreed to pay approximately \$10,000 for the Lot pursuant to the Contract.

¹ Va. Code § 56-88 *et seq.*

NOW THE COMMISSION, upon consideration of the Petition, the representations of the Petitioners, the applicable statutes, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the above-described Transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved subject to certain requirements set forth in Staff's appendix to its Action Brief.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners are hereby granted approval of the proposed Transfer as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done, this case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

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

**CASE NO. PUE-2014-00103
APRIL 21, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the rate year commencing September 1, 2015

FINAL ORDER

On October 30, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider BW ("Application"). Through its Application, the Company seeks to recover costs associated with the Brunswick County Power Station, a 1,358 megawatt (nominal) natural gas-fired combined-cycle electric generating facility, including related interconnection facilities, in Brunswick County, Virginia.¹

On November 14, 2014, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application, required Dominion Virginia Power to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the proceeding, scheduled a public hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter. A notice of participation was received by the Virginia Committee for Fair Utility Rates ("Committee"). The hearing was convened, as scheduled, on March 24, 2015. At the hearing, the Company and the Commission Staff ("Staff") (collectively, "Stipulating Parties") presented a Stipulation and Recommendation ("Stipulation"), which, if approved, would address all outstanding issues in this proceeding.²

In the Stipulation, the Stipulating Parties agreed in part that: (i) the rate of return on equity for the Company's revenue requirement, which is comprised of a Projected Cost Recovery Factor, an Allowance for Funds Used During Construction Factor, and an Actual Cost True-Up Factor, should be 11.0% for the Projected Cost Recovery Factor, 11.4% for the Actual Cost True-Up Factor for January through November 2013, and 11.0% for the Actual Cost True-Up Factor for December 2013; (ii) the issue of the appropriate capital structure to use in calculating Rider BW should be litigated in the Company's 2015 biennial review proceeding; (iii) for purposes of calculating the revenue requirement in this proceeding, the Commission should authorize the use of the December 31, 2013 ratemaking capital structure as a placeholder, with the revenue requirement being subject to true-up in a future Rider BW proceeding; (iv) the total annualized revenue requirements, including rounding error corrections agreed to by the Company and Staff, subject to the cost of capital issue discussed above, should be \$94,656,000 for Pre-Commercial Operations Date ("COD") and \$145,121,000 for Post-COD; (v) the rate design methodology for the Company's Virginia Jurisdictional customer classes should be consistent with the methodology approved in Case No. PUE-2013-00122,³ except that for rate schedules with customers from more than one customer class (Rate Schedules 5, 6, 6TS, and 7), the Rider BW rate should be equal to the rate for the customer class that contributes the most kilowatt hours to that rate schedule; and (vi) the revised Rider BW rates should become effective for service rendered on and after September 1, 2015.⁴

On April 7, 2015, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was issued. In his Report, the Hearing Examiner stated that "[b]ased on the record developed in this proceeding and the unopposed Stipulation, I find that the Stipulation should be adopted".⁵ On April 14, 2015, Dominion Virginia Power filed comments supporting the Hearing Examiner's 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 Stipulation is reasonable and should be accepted.

¹ Exhibit ("Ex.") 2 (Application) at 1.

² The Stipulation was filed with the Clerk of the Commission on March 18, 2015. The Committee did not object to the Stipulation. See Tr. at 6.

³ *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the rate year commencing September 1, 2014*, Case No. PUE-2013-00122, Doc. Con. Cen. No. 140710173, Final Order (July 8, 2014).

⁴ Ex. 15 (Stipulation) at 2-4.

⁵ Hearing Examiner's Report at 15.

Accordingly, IT IS ORDERED THAT:

- (1) Rider BW, as approved herein, shall become effective for service rendered on and after September 1, 2015.
- (2) The Stipulation and Recommendation is reasonable and shall be adopted.
- (3) The Company shall forthwith file a revised Rider BW and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, 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) On or before November 1, 2015, the Company shall file an application to revise Rider BW effective September 1, 2016.
- (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.

**CASE NO. PUE-2014-00112
APRIL 23, 2015**

JOINT PETITION OF
REE VA, INC.,
and
PO RIVER WATER AND SEWER COMPANY

For approval of a transfer of stock

ORDER GRANTING APPROVAL

On October 31, 2014, REE Va, Inc. ("REE"), and Po River Water and Sewer Company ("Po River") (together, "Petitioners"), filed a petition with the State Corporation Commission ("Commission") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")¹ requesting approval of the transfer of Po River's stock to REE ("Petition"). On November 3, 2014, the Petitioners filed a Motion for Entry of a Protective Order ("Motion for Protective Order") to prevent public disclosure of the confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Po River is a public service corporation that provides water and wastewater services at the Indian Acres Club of Thornburg campground, located in Spotsylvania County, Virginia. Po River is owned by The Carlyle Group, Inc. ("The Carlyle Group"), a real estate investment and management group. REE is a Virginia public service corporation owned by Matthew Raynor, the current utility director of Po River. Mr. Raynor has been the Po River utility director since 1997 and is responsible for Po River's operations.

The Petitioners propose to enter into a Stock Purchase Agreement, under which REE will acquire ownership of all issued and outstanding Po River stock and, thus, all of its assets, liabilities, and operations ("Proposed Transaction"). The Petition does not, however, propose to transfer the certificates of public convenience and necessity issued by the Commission to Po River on April 23, 1971, in Case No. 18972,² to REE in the Proposed Transaction. The Petitioners represent that REE intends to continue the capital improvements that have been ongoing during the past year, and to operate and maintain the system in a manner that ensures reliable service to Po River's customers. Further, REE does not believe that the Proposed Transaction, and REE's ownership and control of Po River, will cause rates to increase. The Petitioners represent that the Proposed Transaction will not jeopardize the financial well-being of Po River and that, upon closing of the Proposed Transaction, Po River will have sufficient cash on hand and no debt. The Petitioners have notified Po River's customers of the Proposed Transaction, and the Commission has not received any comments.

On March 18, 2015, the Petitioners filed a Motion for Interim Operating Authority, which requested that the Commission grant interim authority for affiliate transactions between closing of the Proposed Transaction and the Commission's approval of applications under Chapter 4 of Title 56 of the Code ("Affiliates Act"). Specifically, the Petitioners state that REE will provide certain environmental, management, and operational services to Po River, which were previously provided by The Carlyle Group. The Petitioners propose to file an application for approval of such transactions under the Affiliates Act within ten days of the financial closing of the Proposed Transaction. The Petitioners also propose that any services provided to Po River by REE between the financial closing and the Commission's approval under the Affiliates Act (the "Interim Period") will be subject to Commission approval and all payments for services provided in the Interim Period will be processed as if the Commission's approval under the Affiliates Act had been effective as of the date of financial closing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and, therefore, should be approved subject to the requirements set forth in Staff's Action Brief filed in public redacted and confidential versions contemporaneously with this Order. The Commission further finds that the Petitioners' Motion for Interim Operating Authority should be granted.³ However, the Commission finds that the Motion for Protective Order is no longer necessary and, therefore, should be denied.⁴

¹ Va. Code § 56-88 *et seq.*

² *Application of Po River Water and Sewer Company, For a Certificate of Public Convenience and Necessity pursuant to Title 56, Chapter 10.1 of the Code of Virginia*, Case No. 18972, 1971 S.C.C. Ann. Rept. 179, Order (April 23, 1971).

³ We note that the interim authority granted herein is consistent with such authority granted in previous cases. *See i.e., 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

Accordingly, IT IS ORDERED THAT:

- herein.
- (1) Pursuant to § 56-89 of the Code, the Petitioners hereby are granted approval of the Proposed Transaction subject to the requirements set forth herein.
 - (2) Certificate Nos. W-168 and S-59 remain solely in the name of Po River and the obligations of these certificates continue to be those of Po River.
 - (3) The Petitioners shall file a Report of Action ("Report") with the Commission in its Document Control Center within thirty (30) days of completion of the Proposed Transaction. The Report shall include the date of closing and the accounting entries used to record the transfer, in accordance with the Uniform System of Accounts ("USoA").
 - (4) The Commission's approval granted herein shall have no ratemaking implications and does not guarantee the recovery of any costs directly or indirectly related to the transfer.
 - (5) The Carlyle Group is directed to provide to REE and Mr. Raynor, at closing, all records related to Po River. REE is directed to maintain all such records henceforth in accordance with the USoA. Po River shall continue to file an Annual Financial and Operating Report with the Commission's Division of Utility Accounting and Finance.
 - (6) The Petitioners are granted limited interim authority to engage in the affiliate transactions described in their Motion for Interim Operating Authority during the Interim Period. Po River shall not engage in any other transactions with REE or its affiliates without prior approval from the Commission pursuant to the Affiliates Act. The Petitioners shall file an application seeking final approval of the affiliate transactions approved pursuant to this interim authority, and for approval of any other affiliate transactions to be provided to Po River, within ten (10) days of the financial closing of the Proposed Transaction. The interim authority granted during the Interim Period shall have no ratemaking implications.
 - (7) Po River is directed to file a balance sheet, 12-month income statement, and rate of return statement within ninety (90) days following the first full year of ownership by REE. Staff shall then review the financial statements and conduct an investigation of the reasonableness of Po River's rates and summarize its findings in a report filed with the Commission.
 - (8) The quality of service to Po River's customers shall not deteriorate due to a lack of maintenance or capital investment.
 - (9) The quality of service to Po River's customers shall not deteriorate due to a reduction in the number of employees providing such service.
 - (10) Po River shall maintain a high degree of cooperation with the Commission Staff and take all actions necessary to ensure Po River's timely response to Staff inquiries with regard to its provision of service.
 - (11) The Motion for Entry of a Protective Order is denied.
 - (12) There appearing nothing further to be done in this matter, it hereby is dismissed.

No. PUE-2013-00050, 2013 S.C.C. Ann. Rept. 409, Order Granting Authority (Oct. 30, 2013); *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00067, Doc. Con. Cen. No. 130810384, Order Extending Time for Review and Granting Interim Authority (Aug. 9, 2013); and *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Purchase Agreement pursuant to The Affiliates Act*, Va. Code § 56-76 et seq., Case No. PUE-2010-00128, 2010 S.C.C. Ann. Rept. 626, Order on Motion for Interim Authority (Oct. 29, 2010).

⁴ The Commission held the Petitioners' Motion for Protective Order in abeyance and has not received a request for leave to review the confidential information contained in the Petition in this proceeding. Accordingly, we deny the Motion for Protective Order as moot but direct the Clerk of the Commission to retain the confidential information, to which that motion pertains, under seal.

**CASE NO. PUE-2014-00115
SEPTEMBER 30, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Pacific 230 kV Double Circuit Transmission Line and 230-34.5 kV Pacific Substation

ORDER

On November 19, 2014, 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 Pacific 230 kilovolt ("kV") double circuit transmission line and 230-34.5 kV Pacific Substation ("Project"). 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.*

According to the Application, the Company proposes to construct the new overhead 230 kV double circuit transmission line by cutting into existing 230 kV Brambleton-BECO Line #2137 approximately 100 feet south of where Line #2137 crosses Waxpool Road, and extending the new double circuit line approximately 1.8 miles to a new 230-34.5 kV Pacific Substation to be constructed in Loudoun County.¹ The proposed in-service date for the proposed Project is summer of 2016.² Dominion Virginia Power asserts that the proposed Project is necessary to ensure that the Company can continue to provide reliable electric service to its customers served in the Sterling Park Area of Loudoun County, consistent with the Company's distribution reliability planning criteria and to maintain and improve reliability of the existing 230 kV system in the Sterling Park area.³

On January 23, 2015, the Commission entered an Order for Notice and Hearing that, among other things, established a schedule for the filing of notices of participation and the submission of prefiled testimony; scheduled this matter for local public hearings in Loudoun County on March 18, 2015; scheduled a public evidentiary hearing in Richmond, Virginia, on June 9, 2015, at 10 a.m. in the Commission's Courtroom; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

The local hearings were held as scheduled on March 18, 2015.

As noted in the Scheduling Order, the Commission Staff ("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 on February 9, 2015.

DEQ recommended the selection of either the Company's alternative Route A-2 or alternative Route B "because they have the least potential impacts to wetlands."⁴ Furthermore, DEQ made various recommendations associated with the Project which were "[b]ased on the information and analysis submitted by reviewing agencies."⁵ Specifically, DEQ recommended that the Company engage in the following activities relative to the Project:

- (1) Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification from the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the DEQ recommendations to avoid and minimize impacts to wetlands and streams;
- (2) Follow DEQ's recommendations regarding air quality protection, as applicable;
- (3) Reduce solid waste at the source, reuse and recycle it to the maximum extent practicable, as applicable;
- (4) Coordinate with DCR's 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;
- (5) Coordinate with DGIF regarding its recommendations for wildlife resources;
- (6) Coordinate with DHR regarding its recommendations to protect historic and archaeological resources;
- (7) Contact VDOT regarding its recommendation to coordinate with VDOT offices prior to construction;
- (8) Follow the principles and practices of pollution prevention to the maximum extent practicable;
- (9) Limit the use of pesticides and herbicides to the extent practicable; and
- (10) Coordinate with Loudoun County regarding its recommendations.⁶

Loudoun County expressed its preference for the Company's alternative Route B in its comments included within the DEQ Report.⁷ In contrast, VDOT expressed its preference for the Company's alternative Route C.⁸

On March 24, 2015, Dulles Gateway Associates, LLC, and TAB I Associates, LLC (collectively, "Respondents"), filed a notice of participation in this case. Two people filed written comments relative to the Project. Mrs. Leslie Campbell suggested that notice of the Project was not prominently displayed in the Washington Post. Mr. John A. McEwan expressed concern regarding the proximity of the Project to his satellite receiver business, Technology Advancement Group, Inc. ("TAG").

On April 21, 2015, the Respondents filed the testimony of Christopher Antigone. Mr. Antigone testified that Routes B and C would run through the Respondents' property and would greatly interfere with the Respondents' development plans.⁹ The Respondents do not oppose Routes A-1 and A-2 but do oppose Routes B and C.

¹ Ex. 2 at 3.

² *Id.* at 5.

³ *Id.* at 2-3.

⁴ Ex. 10 at 6.

⁵ *Id.*

⁶ *Id.* at 6-7.

⁷ *Id.* at 23-24.

⁸ *Id.* at 20.

⁹ Ex. 9 at 1-7.

On May 5, 2015, Staff filed its testimony and exhibits summarizing the results of its investigation of the Company's Application. The Staff concluded that the Company demonstrated a need for the Project, and did not oppose the Company's Proposed Route A-1. Staff suggested, however, that Route A-2 is a reasonable alternative, given its comparable cost and shorter length.¹⁰

On May 19, 2015, the Company filed the Rebuttal Testimony of Courtney Fisher. Ms. Fisher responded to the written public comments, the testimony of Staff and the Respondents, and the DEQ Report. Among other things, she testified that the Company does not object to most of the recommendations in the DEQ Report, but stated that while the Company was prepared to coordinate with Loudoun County relative to the proposed substation, it opposed such coordination for the entire transmission line.¹¹

The Commission held an evidentiary hearing as scheduled on June 9, 2015. Counsel for the Company, the Respondent, and the Commission Staff appeared at the hearing.

On July 2, 2015, Hearing Examiner A. Ann Berkebile issued her report ("Hearing Examiner's Report") setting forth the procedural history of the case; summarizing the record; analyzing the evidence and issues in this proceeding; setting forth her findings and recommendations; and advising the case participants of their opportunity to comment on the Hearing Examiner's Report.

The Hearing Examiner recommended that the Commission grant the requested certificate of public convenience and necessity to construct and operate the proposed transmission facilities using Proposed Route A-1 based on the following findings:

- (1) The Project is justified by the public convenience and necessity;
- (2) The Commission should approve the Company's Proposed Route (Route A-1) for the Project;
- (3) The Commission should issue a Certificate for the completion of the Project;
- (4) The Company should be required to work with Mr. McEwan, to the greatest extent possible, during the construction of the Project to minimize the obstruction of TAG's sky views;
- (5) The Company should be required to comply with the following recommendations in the DEQ Report:
 - (a) Conduct an on-site delineation of all wetlands and stream crossings within the Project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the DEQ recommendations to avoid and minimize impacts to wetlands and streams;
 - (b) Follow DEQ's recommendations regarding air quality protection, as applicable;
 - (c) Reduce solid waste at the source, reuse and recycle it to the maximum extent practicable, as applicable;
 - (d) Coordinate with DCR's 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;
 - (e) Coordinate with DGIF regarding its recommendations for wildlife resources;
 - (f) Coordinate with DHR regarding its recommendations to protect historic and archaeological resources;
 - (g) Contact VDOT regarding its recommendation to coordinate with VDOT offices prior to construction;
 - (h) Follow the principles and practices of pollution prevention to the maximum extent practicable;
 - (i) Limit the use of pesticides and herbicides to the extent practicable; and
 - (j) Coordinate with Loudoun County regarding the Pacific Substation.¹²

On July 22, 2015, Verisign, Inc. ("Verisign"), filed a Motion for Leave to File Objection to the Hearing Examiner's Report ("Verisign Motion") and an Objection ("Verisign Objection"). Verisign states that it owns property through which the Proposed Route would pass and that it has specialized equipment on its property, critical to Verisign's operations and infrastructure, that the Company must avoid during its project.¹³ Verisign further stated that it became aware of this proceeding for the first time well after the deadline for participation had passed.

On July 23, 2015, Respondents and the Company each filed comments in support of the Hearing Examiner's Report. On August 7, 2015, the Company filed a Response objecting to Verisign's Motion.

¹⁰ Ex. 11.

¹¹ Ex. 12.

¹² Hearing Examiner's Report at 11-12.

¹³ Verisign Objection at 2.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Pacific 230 kV double circuit transmission line and 230-34.5 kV Pacific Substation be constructed as proposed in the Company's Application and that certificates of public convenience and necessity should be issued authorizing the Project.

Verisign's Motion for Leave to File Objection is denied. Verisign did not file a timely notice of participation and is not a party to this proceeding. In its response to the Motion, Dominion Virginia Power states that "Verisign received notice in accordance with statute, both by publication in accordance with the Procedural Order, and by U.S. mail..."¹⁴ As we have heretofore explained, "the Commission has previously found – on multiple occasions – that a non-party does not have a right to file comments on a hearing examiner's report."¹⁵ Furthermore, we find that Verisign has "not established that good cause exists to accept new notices of participation at this stage of the proceeding, nor that granting such motion[] is necessary under Rule 10 [of the Commission's Rules of Practice and Procedure] to serve the ends of justice,"¹⁶ and that Verisign has "not established that accepting [its Objection] to the Hearing Examiner's Report is necessary to serve the ends of justice in this particular case."¹⁷

In its response to the Motion, Dominion Virginia Power also states as follows:

[T]he Company would note that, if the certification of electric transmission facilities sought herein is approved by the Commission and to the extent the Company would ever need to condemn or otherwise work with Verisign on the Project including through the development and construction of such facilities, the Company would provide the type of information requested by Verisign and coordinate with that customer on locations of the power lines and related support poles within prudent engineering practices.¹⁸

Having approved the transmission facilities sought herein, the Commission hereby directs Dominion Virginia Power to comply with the above.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A of the Code provides that "[i]t shall be unlawful for any public utility to construct . . . facilities for use in public utility service, . . ., without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application.¹⁹ 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, in part, that:

As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned.... In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation.... Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

The Code further requires the Commission to consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the

¹⁴ Dominion Virginia Power Response at 2.

¹⁵ *Application of Shenandoah Valley Electric Cooperative, For approval of a general increase in base rates and a plan to migrate transitioning customers to its modified legacy rates, and for approval of revisions to rate schedules for electric service*, Case No. PUE-2013-00132, Order at 6 (January 26, 2015).

¹⁶ *Id.* at 7.

¹⁷ *Id.*

¹⁸ Dominion Virginia Power Response at 3, fn. 4.

¹⁹ Subsection D of the statute provides that "[a]s used in this section, unless the context requires a different meaning: 'Environment' or 'environmental' shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

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 need for the Project is unchallenged.²⁰ We agree with the Hearing Examiner that load growth in the area requires transmission improvements, and that the Project will provide reliability benefits as described in the Application.²¹

Route

As discussed above, the Hearing Examiner recommended Route A-1, finding it to be "the route that most reasonably avoids and minimizes adverse impacts on developed areas, scenic assets, historic resources and the environment."²² We agree with the Hearing Examiner that Proposed Route A-1 is preferable to the alternatives proposed in this proceeding.

Economic Development and Service Reliability

We agree with the Hearing Examiner that "[t]he Project will have a positive impact on Virginia's economy by facilitating reliable electric service at an economical cost."²³ We find that by assuring continued reliable bulk electric power delivery, the Project benefits economic development in Loudoun County.

Scenic Assets, Historic Districts, and the Environment

We agree with the Hearing Examiner that the Project reasonably avoids and minimizes adverse impacts on developed areas, scenic assets, historic resources and the environment consistent with § 56-46.1 B of the Code. We further agree with the Hearing Examiner that, although the Project will require acquisition of new transmission easements because there is no existing right-of-way in the area, the Project constitutes "the superior alternative for addressing expected load growth (as compared to the transmission and distribution alternatives considered by the Company)."²⁴

Environmental Impact

Sections 56-46.1 A and B of the Code require the Commission to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. Section 56-46.1 A of the Code further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection. We agree with the Hearing Examiner and find that "the recommendations in the DEQ Report for the minimization of environmental impacts - which were not opposed by the Company - are reasonable and should be adopted by the Commission as conditions of approving the Project."²⁵

Accordingly, IT IS ORDERED THAT:

(1) The Company is authorized to construct and operate the proposed Pacific 230 kV double circuit transmission line and 230-34.5 kV Pacific Substation on Route A-1 as proposed in the Company's Application subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's Application for a certificate of public convenience and necessity to construct and operate the Project is granted, as provided for herein, and subject to the requirements set forth in this Final Order.

(3) Pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, the Company is issued the following certificate of public convenience and necessity:

Certificate No. ET-91z, 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-2014-00115, cancels Certificate No. ET-91y, issued to Virginia Electric and Power Company on June 15, 2015, in Case No. PUE-2014-00086.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificates issued in Ordering Paragraph (3) with the detailed map attached.

²⁰ See, e.g., Ex. 11 at 18.

²¹ See, e.g., Hearing Examiner's Report at 9; Ex. 4 at 2-8; Ex. 5 at 2-5.

²² Hearing Examiner's Report at 11.

²³ See, e.g., Hearing Examiner's Report at 9; Ex. 11 at 17.

²⁴ See, e.g., Hearing Examiner's Report at 9; Ex. 4 at 7-8.

²⁵ Hearing Examiner's Report at 11.

(5) The transmission line and associated substation work approved herein must be constructed and in service by June 1, 2016; provided, however, the Company is granted leave to apply for an extension for good cause shown.

(6) The Motion for Leave to File Objection of Verisign, Inc., is denied.

(7) 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-2014-00116
SEPTEMBER 2, 2015**

APPLICATION OF
SPRAGUE OPERATING RESOURCES, LLC

For a license to conduct business as a competitive service provider for natural gas

CORRECTING ORDER

On November 14, 2014, Sprague Operating Resources, LLC ("Sprague" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider ("CSP") for natural gas ("Application").¹ In its Application, the Company seeks authority to serve eligible commercial and industrial customers in the service territory of Washington Gas Light Company ("Washington Gas").

On December 23, 2014, the Commission issued an Order Granting License ("Order"). Ordering Paragraph (1) of the Order inadvertently granted authority to the Company to serve commercial and residential customers rather than commercial and industrial customers. In a letter filed with the Commission on August 24, 2015, Sprague represents that it only serves commercial and industrial customers, not residential customers.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (1) of the Order hereby is corrected and amended to read as follows: Sprague hereby is granted License No. G-44 to conduct business as a CSP for natural gas to commercial and industrial customers throughout the service territory of Washington Gas. This license is granted subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, this Order Granting License, and other applicable law.

(2) All other provisions of the Order shall remain in full force and effect.

¹ On November 18, 2014, the Company filed additional information to complete its Application.

**CASE NO. PUE-2014-00119
JUNE 3, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of modifications to its Economic Development Rate, Rider EDR

ORDER APPROVING MODIFICATIONS

On November 26, 2014, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application seeking approval of modifications to its Economic Development Rate, designated Rider EDR ("Application").

Dominion Virginia Power's Rider EDR, which the Commission first approved in Case No. PUE-1996-00296,¹ is designed to promote economic development in the Company's Virginia service territory by providing certain reductions in billing demand charges for qualifying commercial and industrial retail customers.² In Case No. PUE-2013-00027,³ the Company sought and obtained approval of certain modifications to Rider EDR to allow new customers to enroll in the Rider, which had become fully subscribed.⁴

¹ *Application of Virginia Electric and Power Company, 1995 Annual Informational Filing and Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Industry Restructuring – Virginia Electric and Power Company, Case Nos. PUE-1996-00036 and PUE-1996-00296, 1998 S.C.C. Ann. Rept. 322, Final Order (Aug. 7, 1998).*

² Application at 3.

³ *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of modifications to its Economic Development Rider, Case No. PUE-2013-00027, 2013 S.C.C. Ann. Rept. 389, Order Approving Modifications (June 21, 2013).*

⁴ Application at 3-4.

Dominion Virginia Power's Application seeks approval to make the following modifications to Rider EDR: (1) prospectively eliminate the 10 megawatt ("MW") cap on the maximum amount of load per customer and instead allow the participating customer load to be mutually agreed to by the customer and the Company; (2) prospectively raise the cap on total incremental load participation from 250 MW to 500 MW; (3) add a discount for base energy as part of the potential discounts (non-applicable to fuel and generation riders approved pursuant to § 56-585.1 A 6 of the Code of Virginia ("Generation RACs")); (4) continue to offer customers alternative approaches to the discount percentage rate structure including both the flat discount option and declining discount option approved in Case No. PUE-2013-00027, which would now apply to both the proposed base demand and base energy discounts; and (5) decrease the number of employees per kilowatt requirement to qualify for the discount from .07 to .03.⁵

Dominion Virginia Power claimed that these modifications are in the public interest because they would further promote economic development in the Commonwealth by allowing the Company to prospectively engage large, energy-intensive industries that are evaluating locating in the Commonwealth.⁶ The Company further claimed that the modifications in its proposal do not change the fundamental characteristics of Rider EDR.⁷

On December 31, 2014, the Commission issued an Order for Notice and Comment that, among other things, docketed the Application, directed Dominion Virginia Power to publish notice of the Application, provided interested persons the opportunity to comment or request a hearing on the Application, directed the Staff of the Commission ("Staff") to file comments on the Application, and provided the Company an opportunity to respond to any comments or requests for hearing.

On February 27, 2015, the Virginia Committee for Fair Utility Rates ("Committee") filed a notice of participation and comments ("Comments") in this proceeding. In its Comments, the Committee expressed the following concerns: (1) Dominion Virginia Power should not have the discretion to determine, for future Rider EDR customers, the maximum incremental load that is subject to the Rider EDR discount, on the basis that it would allow the Company to favor one or more customers over others; and (2) the Application does not address cost recovery (in the Committee's view, all customer classes should be responsible for an appropriate portion of the Rider EDR Program's costs).⁸

On March 16, 2015, the Staff filed its report ("Staff Report" or "Report"). The Staff Report reviewed the Application and Comments and made several recommendations. First, with regard to the Company's proposal to eliminate the 10 MW cap on the maximum amount of incremental load for which a customer receives a discount, Staff noted in its Report that § 56-596 of the Code of Virginia requires that the Commission take into consideration, among other things, the goal of economic development in the Commonwealth. Staff stated that eliminating the 10 MW cap could expand opportunities for economic development, though Staff also noted that it was uncertain whether the replacement of a known, existing cap with a mutually agreed upon cap considers the goal of economic development in the Commonwealth such that it does not unduly discriminate against the Company's existing customers who could become eligible for the Rider EDR discount. Second, Staff agreed with the Committee that the costs of the Rider EDR discounts should be allocated across all customer classes, and that the allocation should be reflected in a cost of service study in a future rate case or biennial review. Next, Staff recommended that the proposed language in Rider EDR be revised as follows: (i) clarify the applicability of the discount percentage rate options to on-peak and off-peak generation energy charges; (ii) clarify the applicability of on-peak and off-peak generation energy usages in the determination of historical and incremental generation energy levels; and (iii) include language regarding the non-applicability of the discount to Generation RACs and fuel.⁹ Finally, Staff did not believe that the Company provided sufficient information to justify increasing the total incremental load participation from 250 MW to 500 MW.

On March 30, 2015, Dominion Virginia Power filed its response to the Staff Report and Comments ("Response"). In its Response, the Company explained its rationale for proposing to eliminate the per-customer incremental load cap in favor of a mutually agreed upon incremental load amount. The Company explained that, by removing the cap, it believes it would be better able to compete with peer utilities in neighboring states in incenting large commercial and industrial customers to bring their business to Virginia and, therefore, help advance economic growth in the Commonwealth.¹⁰ To eliminate confusion, the Company proposed a revised Rider EDR, which removed the "mutually agreed to" language, and inserted language providing that each Rider EDR applicant's incremental load, as substantiated by the applicant, may be as much as the remaining aggregate incremental load available at the time the applicant submits a Rider EDR application.¹¹ The Company also agreed to the Staff's three recommended revisions to the language of Rider EDR enumerated above.¹² In addition, the Company reasserted its position stated in Case No. PUE-2013-00027 that costs associated with Rider EDR would be absorbed through existing rates until the next rate case or biennial review, and that such costs would be allocated across all Virginia jurisdictional classes in a class cost of service study.¹³ The Company, however, disagreed with Staff's assertion that the Company has not provided sufficient information to justify expanding the aggregate Rider EDR cap from 250 MW to 500 MW. The Company stated that by increasing the incremental load subject to the discount, the potential exists that the current overall program cap would be met in the near future. In addition, the Company explained that "it is disadvantaged, compared

⁵ *Id.* at 5.

⁶ *Id.* at 6.

⁷ *Id.* at 1.

⁸ Comments at 2-4.

⁹ Staff Report at 3-7.

¹⁰ Response at 4.

¹¹ *Id.* at 6, Attachment A. On April 3, 2015, Dominion Virginia Power filed a corrected Attachment A to the Response.

¹² *See id.* at 8, Attachment A (as corrected on April 3, 2015).

¹³ *Id.* at 6-7.

to its closest competitors, by having an aggregate cap of 250 MW in the existing Rider EDR."¹⁴ Further, the Company stated that raising the overall cap would provide the opportunity for more customers to participate in Rider EDR.¹⁵

No requests for hearing were filed by any participant to the proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it shall approve the modifications to Dominion Virginia Power's Economic Development Rider as proposed in its Application, subject to the provisions set forth herein.

We find that allowing Dominion Virginia Power to remove the 10 MW per-customer incremental load cap in its existing Rider EDR and prospectively raise the cap on total incremental load participation from 250 MW to 500 MW will further promote economic development in the Commonwealth. In support of this finding, we note the Company's concern that the current 10 MW per-customer incremental load cap places the Company, and therefore the Commonwealth, at a disadvantage in competing for potential customers who may not elect to add new loads in the Company's service territory because of the limitation on the amount of incremental load that would be eligible for the Rider EDR discount.¹⁶ We also note the Company's concern, as stated in its Response, that by eliminating the 10 MW cap and enhancing the discount, the potential exists that the current overall program cap of 250 MW would be met in the near future, thereby limiting the opportunity for more customers to be able to participate in Rider EDR in the future and preventing further opportunities for economic expansion.¹⁷

In addition, we approve the Company's proposed amended Rider EDR tariff, as filed on April 3, 2015.

Finally, we note that economic development rates, by their very nature, often result in costs that a utility attempts to collect from its other customers. In this regard, the Committee (whose members include GS-3 and GS-4 customers) expressed concern about "how [the Company] planned to recover the costs associated with Rider EDR demand discounts."¹⁸ The Committee is "concerned that its members could be required to pay an unfair share of the costs of providing discounts to *other* customers in the GS-3 and GS-4 rate classes."¹⁹ The Committee notes that "customers choosing to participate in Rider EDR may well be involved in similar or even identical industries as other customers served under Rate Schedules GS-3 and GS-4."²⁰ Thus, not only could the non-EDR customer be paying a higher rate than its competitor, it also could be paying (i) for a portion of the discount being provided to its competitor, resulting in (ii) a rate that is higher than the non-EDR customer's cost of service.²¹ The Committee asserts that the EDR discount costs should be allocated across all customer classes, and that non-EDR customers under GS-3 and GS-4 "should not be obligated to subsidize their competitors by paying an unfair share of the Rider EDR program's costs, especially when such costs are incurred for the benefit of all customers in the Company's service territory."²² Although this proceeding does not address rate impact on other customer classes, we herein order the Company to provide reports as directed below.

Accordingly, IT IS ORDERED THAT:

(1) Dominion Virginia Power's Application for modifications to its Economic Development Rate, Rider EDR, is approved subject to the provisions set forth herein, effective as of the date of this Order.

(2) No determination as to the rate impact of the approved changes to Rider EDR is being made in this proceeding. The Company shall file an annual report, on or before May 1 of each year, detailing the level of discounts for each applicable rate class.

(3) The Company forthwith shall file a revised Rider EDR – Economic Development Rate with the Clerk of the Commission and with the Commission's Division of Energy Regulation, in accordance with this Order. 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>.

(4) This matter is dismissed.

¹⁴ *Id.* at 8.

¹⁵ *Id.* at 8-9.

¹⁶ *See id.* at 4-5.

¹⁷ *Id.* at 8-9.

¹⁸ Comments at 3.

¹⁹ *Id.* (emphasis added).

²⁰ *Id.* at 4.

²¹ We also note that, in general terms, charging customers as a whole no more than the actual cost of service (plus a reasonable return) supports economic development in the Commonwealth.

²² Comments at 4.

**CASE NO. PUE-2014-00120
FEBRUARY 20, 2015**

APPLICATION OF
FRONT LINE POWER SOLUTIONS, LLC

For a license to conduct business as an aggregator of natural gas and electricity

ORDER GRANTING LICENSE

On January 8, 2015, Front Line Power Solutions, LLC ("Front Line Power Solutions" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas and electricity ("Application"). In its Application, the Company seeks authority to serve eligible commercial customers throughout Virginia. Front Line Power Solutions attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On January 12, 2015, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Front Line Power Solutions 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. The Company filed proof of service on January 26, 2015. No comments on the Application were received.

On February 10, 2015, the Staff filed its Report, which summarized Front Line Power Solutions' Application and evaluated its financial condition and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of natural gas and electricity to commercial customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Front Line Power Solutions' Application for a license to conduct business as an aggregator of natural gas and electricity to commercial customers throughout Virginia should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Front Line Power Solutions, LLC, is hereby granted License No. A-39 to provide competitive aggregation service for natural gas and electricity to eligible customers throughout the Commonwealth of Virginia as the Commonwealth opens to retail access and customer choice. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

**CASE NO. PUE-2014-00121
MARCH 11, 2015**

JOINT APPLICATION OF
ATMOS ENERGY CORPORATION
and
ATMOS ENERGY MARKETING, LLC

For authority to enter into a Gas Supply and Asset Management Agreement pursuant to The Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING AUTHORITY

On December 15, 2014, Atmos Energy Corporation ("Atmos") and Atmos Energy Marketing, LLC ("AEM") (collectively, "Applicants"), filed a joint application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting authority to enter into a Gas Supply and Asset Management Agreement ("AMA") effective for the period April 1, 2015, through March 31, 2016 ("Application"). The Applicants also filed a motion for a protective order ("Motion") to prevent public disclosure of the confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

Atmos is a natural gas distribution company providing gas distribution, transmission, and transportation services to its retail customers in Virginia, Tennessee, Colorado, Texas, Louisiana, Kentucky, Mississippi, and Kansas. In Virginia, Atmos is engaged in the business of selling and distributing natural gas to approximately 22,000 customers. AEM provides a variety of natural gas management services to municipalities, natural gas utility systems, and industrial natural gas customers. AEM is wholly owned by Atmos Energy Holdings, Inc., which is a wholly-owned subsidiary of Atmos.

The Applicants request Commission authority to enter into the AMA, which is the sixth such agreement between Atmos and AEM since 1997. Atmos represents that it issued over 400 e-mails to potential gas suppliers to provide electronic notification of its request for proposal ("RFP") for the AMA. After comparing the bids it received, Atmos selected AEM as the winning bidder.

¹ Va. Code § 56-76 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The proposed AMA consists of three parts: a standard North American Energy Standards Board Base Contract, a Special Provisions Attachment, and an Addendum to Base Contract for Sale and Purchase of Natural Gas ("AMA Addendum").² The Applicants represent that the AMA is in the public interest because it will economize the supply of gas to Atmos and optimize the use of Atmos's facilities to the benefit of Atmos's Virginia customers.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the AMA is in the public interest and should be approved subject to certain requirements set forth below. The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.³

First, our approval of the AMA should be limited to the term of the agreement, which extends through March 31, 2016. In addition, to ensure the continued timely filing of affiliate applications, any prospective application for an AMA should be filed with the Commission by no later than December 15, 2015.

Second, for any prospective application for renewal of the AMA, Atmos shall file the AMA Addendum with the Commission within thirty (30) days of the filing of the AMA application.

Third, we direct Atmos to file a final report with the Commission's Division of Utility Accounting and Finance within sixty (60) days of the conclusion of the term of the AMA on March 31, 2016, to detail the final value of the AMA and final value realized by Virginia customers under the AMA, as further detailed in Staff's Action Brief. We also direct Atmos to provide interim analysis of the AMA to Staff during Staff's review of any subsequent AMA, at Staff's request.

Finally, we directed the Applicants in Case No. PUE-2009-00037 to provide a risk monitoring schedule ("Risk Monitoring Schedule") to be included with its Annual Report of Affiliate Transactions ("ARAT").⁴ We find that it is in the public interest for this directive to remain in place.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the AMA subject to the requirements set forth herein.
- (2) The authority granted herein shall extend through March 31, 2016, the expiration date of the AMA. Should Atmos wish to continue the AMA beyond that date, further Commission approval shall be required. If the Applicants wish to avoid a break in service under the AMA, any prospective application for an AMA shall be filed with the Commission no later than December 15, 2015.
- (3) Atmos shall file the AMA Addendum with the Commission within thirty (30) days of the filing of any AMA application.
- (4) On a prospective basis, Atmos shall provide any AMA RFP to the Commission's Division of Energy Regulation ("Energy Regulation") prior to issuance and continue to ensure that the RFP dissemination and bidding process remains robust. Once the AMA RFP process is over, Atmos shall submit to Energy Regulation the AMA RFP's results, including a list of the parties that were invited to bid, the winning bidder, and the reason(s) for the winner's selection.
- (5) Atmos's payments for pipeline substitution services shall be limited to the amount of gas cost charges that Atmos would incur if it were to procure gas on its own pipeline contracts.
- (6) Atmos's payments for storage fill services shall be limited to the amount of storage charges that Atmos would incur if it were to manage its own storage.
- (7) Thirty (30) days prior to any changes in the fixed capacity utilization payment, Atmos shall submit a report to the Commission's Director of Utility Accounting and Finance ("UAF Director"), which will describe the changes in the fixed capacity utilization payment and the reasons for such changes. The Staff shall then advise the Commission as to whether any action is necessary pursuant to its continuing supervisory authority under § 56-80 of the Code to protect the public interest.
- (8) Sixty (60) days after the completion of the term of the AMA, Atmos shall file a final report with the UAF Director detailing the value realized under the AMA. Atmos shall also provide interim analysis to Staff at Staff's request.
- (9) The approval granted herein shall have no ratemaking implications. In particular, the approval granted in this case should not guarantee the recovery of any costs directly or indirectly related to the AMA.
- (10) Commission approval shall be required for any changes in the terms and conditions of the AMA, including any successors and assigns.
- (11) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

² Atmos's RFP, dated October 29, 2014, states that the value for asset optimization should be proposed in the form of a discount to index pricing and/or a fixed up-front or periodic payment credit. For discussion of Atmos's bid analysis and AEM's winning bid, please see the Commission Staff's Confidential Action Brief.

³ The Commission held the Applicants' Motion in abeyance. We note that the Commission has received no requests for leave to review the confidential information contained in the 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.

⁴ See *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to modify gas supply and asset management agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2009-00037, 2009 S.C.C. Ann. Rept. 460, Order Granting Authority (Aug. 6, 2009). The information to be included in the Risk Monitoring Schedule is described in Staff's Action Brief, filed contemporaneously herewith.

(12) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(13) Atmos shall include the transactions associated with the AMA in its ARAT submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. Atmos shall include with the ARAT a Risk Monitoring Schedule as described in Staff's Action Brief filed contemporaneously with this Order.

(14) In the event that Atmos's annual informational filings or general or expedited rate filings are not based on a calendar year, then Atmos shall include the affiliate information contained in its ARAT in such filings.

(15) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00122
JANUARY 23, 2015**

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For an increase in parental loan guarantee limit on behalf of affiliates

ORDER GRANTING AUTHORITY

On December 16, 2014, Northern Virginia Electric Cooperative ("NOVEC" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 and 4 of Title 56 of the Code of Virginia for authority to increase its existing authority for an aggregate parental loan guarantee limit to affiliates from \$10,000,000 to \$15,000,000. NOVEC filed additional information to complete its application on December 23, 2014. NOVEC has paid the requisite fee of \$250.

In Case Nos. PUA010036 and PUF010027, by Commission Order dated November 16, 2001, NOVEC was authorized, among other things, to guarantee the debt of subsidiaries up to the aggregate maximum limit of \$10,000,000. NOVEC is seeking authority to raise that aggregate maximum limit to \$15,000,000 to support the financial collateral requirements of its affiliate, NOVEC Energy Solutions ("NES"). NOVEC explains that the increase is necessary to support substantially higher collateral requirements resulting from the last winter's polar vortex and to accommodate the increase in volume of business for NES since the original limit was established in 2001. The proposed increase in the parental loan guarantee limit was approved by NOVEC's Board of Directors ("Board") on December 4, 2014.

NOW THE COMMISSION, upon consideration of the 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 General Assembly has enacted legislation that permits electric cooperatives to engage in unregulated activities, provided such activities occur through an affiliate. NOVEC's members, through their Board and management, authorized the increase in the parent loan guarantee limit to \$15,000,000. Although the Cooperative authorized that increased limit, we must consider in our analysis the possibility of a catastrophic loss of the entire \$15,000,000. If there were such a loss, it may have an impact on the Cooperative's rates and will certainly have an impact on NOVEC's patronage capital. Our Staff, however, has advised us that a loss of \$15,000,000 should not affect NOVEC's ability to continue to provide safe and reliable electric service. Therefore, based upon the particular facts presented, we find that the authority requested by the Cooperative to increase its aggregate parental loan guarantee to affiliates is not detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) NOVEC is authorized to guarantee the debt of NES, in a cumulative aggregate amount outstanding not to exceed \$15,000,000 for a period of five years, commencing from the date of this Order.

(2) The authority granted herein supersedes the authority granted in Ordering Paragraphs 4 and 8 of the Commission Order dated November 16, 2001, in Case Nos. PUA010036 and PUF010027.

(3) Commission approval shall be required for any further changes to the terms and conditions of the authority granted herein, including the transfer or assumption of such authority by any successors or assigns of NOVEC or NES.

(4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(6) NOVEC shall include the transactions associated with the affiliate debt guarantee approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Utility Accounting and Finance on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Utility Accounting and Finance.

(7) The authority granted herein shall have no implications for ratemaking purposes.

(8) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00126
JUNE 3, 2015**

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 GRANTING APPROVAL

On December 18, 2014, Aqua Wintergreen Valley Utility Company, Inc. ("Aqua Wintergreen"), a wholly owned subsidiary of Aqua Virginia, Inc. ("Aqua Virginia"), 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 pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹ The Joint Petitioners seek authority for Aqua Wintergreen to acquire, and Wintergreen to dispose of, utility assets used to provide water and sewer service ("Assets") to customers of Wintergreen Stoney Creek Village, a 921-unit subdivision located in Nelson County, Virginia.² The Joint Petitioners also request, pursuant to § 56-265.3 D of the Code, approval to transfer Wintergreen's certificate of public convenience and necessity ("CPCN") to Aqua Wintergreen. Aqua Wintergreen seeks to acquire the Water System Assets for a base purchase price of \$537,950, and the Sewer System Assets for a base purchase price of \$113,250.³

Aqua Wintergreen proposes to change the current residential water and sewer connection fees to \$2,300 (from \$775) and \$3,000 (from \$570), respectively, "to conform with statewide average costs for new connections."⁴ Aqua Wintergreen proposes to set the commercial connection fees at Aqua Wintergreen's cost, but not less than the residential connection fees.

Aqua Wintergreen proposes to reduce the residential water base facility charge ("BFC") from \$21 to \$20 per month, while reducing the amount of included gallons from 4,000 to 3,000. According to the Joint Petition, the proposed rate modification will result in an increase of \$1.09 per month, from \$25.33 to \$26.42, for an average monthly bill.⁵

Aqua Wintergreen does not propose any change to the commercial water rate of \$325 per month (60,000 gallons included), which currently applies to one business (non-residential) customer. Other business customers will be billed at the same proposed residential water BFC of \$20 per month, which will result in an increase of \$0.34 per month, from \$92.41 to \$92.75, for an average monthly bill.⁶

Aqua Wintergreen proposes to reduce the residential sewer BFC from \$46 to \$44 per month, while reducing the amount of included gallons from 4,000 to 3,000. According to the Joint Petition, the proposed rate modification will result in an average increase of \$1.57 per month, from \$49.53 to \$51.10, for an average monthly bill. Aqua Wintergreen does not propose any change to the commercial sewer rate of \$570 per month (60,000 gallons included), which currently applies to two business (non-residential) sewer customers. Other business customers will be billed at the same proposed residential sewer BFC of \$44 per month, which will result in an increase of \$2.54 per month, from \$229.01 to \$231.55, for an average monthly bill.⁷

According to the Joint Petition, the revenue increase from Aqua Wintergreen's proposed water and sewer rates will support the cost of operations, needed capital, a meter replacement project, and land acquisition that Aqua Wintergreen states will be required to upgrade its sewer plant in the future.⁸ The rate changes are proposed to be subject to refund after one year based on actual financial data.⁹

¹ Va. Code §§ 56-88 *et seq.*

² Joint Petition at 1. The water system is currently known as the Wintergreen Stoney Creek Village Public Water System ("Water System"), and the sewer system is known as the Wintergreen-Stoney Creek STP ("Sewer System") (collectively, "the Systems"). *Id.*

³ *Id.* at 5. In addition, Aqua Wintergreen has agreed to pay Seller, for a period of seven years after closing, a \$1,000 payment for any new residential customer that connects to the Water and/or Wastewater System during that time. For any new commercial customer connecting to the Systems during that seven-year period, Aqua Wintergreen has agreed to pay Seller a \$1,000 payment per 200 gallons per day estimated usage, not to exceed \$15,000 for any single connection, and only if such connection does not require an upgrade to either of the Systems. *Id.* at 5-6. These payments are hereinafter referred to as "Contingency Payments."

⁴ *Id.* at 9.

⁵ *Id.* at 10.

⁶ *Id.*

⁷ *Id.* at 11.

⁸ According to the Joint Petition, approximately \$228,400 and \$210,300 in capital investment will be required for improvements to the Water System and Sewer System, respectively, in the first five years. *Id.* at 7, 9.

⁹ *Id.* at 11-12.

The Joint Petitioners state that there will be no impairment of adequate service at just and reasonable rates from the proposed acquisition by Aqua Wintergreen of the Systems and that the acquisition will help to insure that the customers served by the Systems will continue to receive adequate service at just and reasonable rates in the future.¹⁰

On January 26, 2015, the Commission issued an Order for Notice and Comment ("Procedural Order") that provided for notice to the public of the Joint Petition and established a procedural schedule in this case. Among other things, the Procedural Order allowed for interested persons to submit comments and request a hearing in this proceeding and directed the Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and present its findings in a Staff Report.

The Commission received two written comments opposing the Joint Petition. No requests for hearing were filed in this matter.

On April 1, 2015, the Staff Report was filed in which the Staff concluded that adequate service at just and reasonable rates will not be impaired by the proposed transfer. Staff recommended that the Commission approve the Joint Petition and the transfer of Wintergreen's CPCN to Aqua Wintergreen, pursuant to § 56-265.3 D of the Code, but subject to certain requirements to address various issues raised by the proposed transfer. First, Staff stated that the difference between the proposed purchase price and the Seller's net plant at closing plus closing costs should be booked as a Utility Plant Acquisition Adjustment ("UPAA") on Aqua Wintergreen's books.¹¹ It is estimated that Aqua Wintergreen would book a positive UPAA exceeding \$600,000.¹² Staff does not recommend that the Commission make a determination as to the reasonableness of the UPAA (and whether it should be included in rate base), but that it should be examined when the proposed rates are reviewed after one year of ownership, as recommended by Staff.¹³

Second, Staff recommends that Aqua Wintergreen be required to implement its proposed rates on an interim basis subject to refund with interest.¹⁴ Staff recommended that, consistent with previous cases, the Staff review the reasonableness of the rates after the first full year of Aqua Wintergreen's ownership of the Systems and file a report with the Commission.¹⁵

Third, Staff noted that based on the Joint Petitioners' proposed accounting for the Contingency Payments, it appears that, absent special ratemaking treatment, any such Contingency Payments will increase total rate base.¹⁶ Staff recommended that the Commission defer any ratemaking determination on the Contingency Payments until they actually occur and are potentially included in Aqua Wintergreen's cost of service in the context of a rate proceeding or compliance filing.¹⁷

Staff also recommended that, with regard to future utility transfers, the Commission direct Aqua Virginia and its affiliates to: (1) include an inspection of the utility's accounting records and supporting documentation in its due diligence review; and (2) fully explain in any Report of Action ("Report") filed with the Commission any changes reported in the Report from what was represented in its application.¹⁸

Staff also recommended that the Commission direct the Joint Petitioners to seek Commission approval of any services or arrangements between Aqua Wintergreen and Aqua Virginia or any other affiliates pursuant to the Affiliates Act¹⁹ prior to engaging in such services or arrangements.²⁰

On April 8, 2015, the Joint Petitioners filed their Response to the Staff Report. The Joint Petitioners disagreed with Staff's recommendation that the Commission not make a determination at this time as to the reasonableness of the UPAA. The Joint Petitioners asserted that the record supports a finding that the proposed purchase is being made prudently for the benefit of the utility and its customers, given the anticipated operating cost savings as well as the expertise, resources and other benefits Aqua Wintergreen offers to customers.²¹ With regard to Staff's recommendation that the reasonableness of Aqua Wintergreen's proposed interim rates be reviewed after the first full year of Aqua Wintergreen's operation of the Systems, the Joint Petitioners stated that the investigation and review of the rates should be more appropriately timed to correspond to the Company's next application for a rate increase for the Systems, which may occur more than a year after closing in this matter.²² The Joint Petitioners also disagreed with the Staff's recommendation that the

¹⁰ *Id.* at 13.

¹¹ Staff Report at 5.

¹² *Id.* at 12.

¹³ *Id.*

¹⁴ *Id.* at 13.

¹⁵ *Id.* at 13-14. See, e.g., *Joint Petition of Aqua Virginia Water Utilities, Inc., and St. Tammany Landing Property Owners Association, Inc., For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00039, 2013 S.C.C. Ann. Rept. 399, Order Granting Approval (Oct. 1, 2013); and *Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., Fox Run Water Co., Inc., and Moseley-Nash Enterprises, Inc., For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates*, Case No. PUE-2011-00116, 2012 S.C.C. Ann. Rept. 325, Order (June 14, 2012).

¹⁶ *Id.* at 14.

¹⁷ *Id.*

¹⁸ *Id.* at 15.

¹⁹ Va. Code §§ 56-76 *et seq.*

²⁰ Staff Report at 15.

²¹ Response at 3-4.

²² *Id.* at 5.

Commission defer any decision on the proper ratemaking treatment of the Contingency Payments and stated that the Commission should approve such payments as fair and reasonable.²³ Finally, the Joint Petitioners denied the relevancy of the "prior situations" underlying Staff's recommendation regarding future Aqua Virginia utility acquisition applications, but agreed to maintain the records requested by Staff.²⁴

On April 8, 2015, Aqua Wintergreen and Aqua Virginia filed a Motion for Interim Affiliate Authority ("Motion"). According to the Motion, Aqua Wintergreen will receive certain management, technical and professional services from Aqua Virginia and its affiliates upon closing of the proposed transfer. Aqua Wintergreen and Aqua Virginia therefore request authority for Aqua Wintergreen to receive services from Aqua Virginia and other affiliates in the manner and under terms substantively identical to those by which Aqua Virginia affiliate Aqua Presidential, Inc., receives such services as described in the Affiliate Agreement approved by the Commission on November 4, 2013,²⁵ and the Tax Allocation Agreement approved November 21, 2014.²⁶ The Motion requests further that such interim authority continue from the date of closing until the Commission approves an application to amend the relevant existing affiliate agreements or a separate written affiliate agreement governing Aqua Wintergreen, with such application to be filed within 30 days after closing.²⁷

NOW THE COMMISSION, having considered this matter, is of the opinion and finds 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 herein. With regard to the UPAA, Staff noted that the Seller's current rate base was \$47,212, as of December 2013.²⁸ Staff estimates that the booked UPAA would exceed \$600,000.²⁹ As this would represent a significant increase to the Seller's rate base, we agree with Staff's recommendation that a determination of the reasonableness of the UPAA, and whether it should be included in rate base, not be made at this time, but that it should be examined after one year of ownership based on information that Aqua Wintergreen will be required to submit at that time.

We also adopt Staff's recommendation that the proposed rates be implemented on an interim basis, subject to refund. The proposed rates represent an increase of 4.3% and 3.2% for residential water and sewer customers, respectively, based on average monthly usage.³⁰ Because rates are increasing as a result of the proposed transaction, we agree with Staff's recommendation that the reasonableness of the rates be examined after one year of service, when Staff can investigate the Systems' actual cost of service under Aqua Wintergreen's ownership. As stated above, the Joint Petitioners' suggest that the investigation and review of the rates be timed to correspond to the Company's next application for a rate increase, which may be filed "substantially more than a year after closing in this matter."³¹ The uncertainty as to the timing of the next rate case further supports our decision to examine the reasonableness of Aqua Wintergreen's proposed rates after one year of ownership of the Systems.

With regard to the proposed Contingency Payments, we note Staff's concern that, absent special ratemaking treatment, any Contingency Payments will increase total rate base.³² Accordingly, we will defer any ratemaking determination on the Contingency Payments and whether they are reasonable until such time as they actually occur and are potentially included in Aqua Wintergreen's cost of service.

We also find that the transfer of Wintergreen's CPCN to Aqua Wintergreen should be approved. We further find that the Motion for Interim Affiliate Authority should be granted.³³

²³ *Id.* at 6.

²⁴ *Id.* at 7.

²⁵ *Joint Application of Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc., Aqua Presidential, Inc., and Aqua Virginia, Inc., For approval of a services agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00087, 2013 S.C.C. Ann. Rept. 445, Order Granting Approval (Nov. 4, 2013).

²⁶ *Application of Aqua Virginia, Inc., Aqua Presidential, Inc., and Aqua America, Inc., To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2014-00079, Doc. Con. Cen. No. 141120151, Order Granting Authority (Nov. 21, 2014).

²⁷ Motion at 3.

²⁸ Staff Report at 12.

²⁹ *Id.*

³⁰ *Id.* at 13.

³¹ Response at 5.

³² Staff Report at 14.

³³ We note that the interim authority granted herein is consistent with such authority granted in previous cases. See e.g., *Joint Petition of REE Va, Inc., and Po River Water and Sewer Company, For approval of a transfer of stock*, Case No. PUE-2014-00112, Doc. Con. Cen. No. 150420156, Order Granting Approval (April 23, 2015); *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); *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00067, Doc. Con. Cen. No. 130810384, Order Extending Time for Review and Granting Interim Authority (Aug. 9, 2013); and *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Purchase Agreement pursuant to The Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2010-00128, 2010 S.C.C. Ann. Rept. 626, Order on Motion for Interim Authority (Oct. 29, 2010).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, Aqua Wintergreen and Wintergreen are hereby granted approval of the transfer of the Systems, subject to the requirements ordered herein.

(2) Pursuant to § 56-265.3 D of the Code, the transfer of Wintergreen's CPCN to Aqua Wintergreen is hereby approved.

(3) Within ninety (90) days of completing the proposed transfers, the Joint Petitioners shall file a Report with the Commission. Included in the Report shall be the date of the transfer, the actual total sales price, and the actual accounting entries on Aqua Wintergreen's books to reflect the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes booking any difference between the purchase price and the net book value of the Assets as an acquisition adjustment to Account 114.

(4) Wintergreen shall provide all records, including any source documentation supporting the original cost of the Assets and connection fees related to the transferred Assets, to Aqua Wintergreen at closing, and Aqua Wintergreen shall maintain them henceforth in accordance with the USOA.

(5) For any future utility transfers, Aqua Virginia or its affiliates shall (i) include an inspection of the selling utility's accounting records and supporting documentation in its due diligence review; and (ii) explain any changes to its proposed accounting entries in its Report to the Commission.

(6) Upon closing of the proposed transfer of Assets, Aqua Wintergreen shall be allowed to implement its proposed rates for the Water and Wastewater Systems on an interim basis subject to refund with interest. Aqua Wintergreen shall also keep separate accounting records for each of the Systems, and file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and, if available, a federal tax return for each System within ninety (90) days following the first full year of Aqua Wintergreen's ownership of the Systems ("Compliance Filing").

(7) Upon receiving the Compliance Filing, Staff shall review the financial statements and conduct an investigation of: (i) the Systems' cost of service; and (ii) the reasonableness of the proposed rates for the Water and Wastewater Systems. Staff shall summarize its findings of such investigation in a report filed with the Commission.

(8) Within thirty (30) days after closing, Aqua Wintergreen shall file an application pursuant to the Affiliates Act for Commission approval of any services or arrangements between Aqua Wintergreen and Aqua Virginia or any other affiliates.

(9) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the transfer, nor does it include any ratemaking decision on any acquisition adjustment recorded as a result of the proposed transfer.

(10) Aqua Wintergreen shall track and quantify to the extent possible all of the benefits (both qualitative and quantitative) customers receive under its ownership of the Systems. Aqua Wintergreen shall also provide full support and documentation of any requested acquisition adjustment it proposes to include in its cost of service. Aqua Wintergreen shall include such information with its Compliance Filing.

(11) The Commission hereby defers any ratemaking decision on the proposed Contingency Payments until such time as they actually occur and are potentially includable in Aqua Wintergreen's cost of service in the context of a rate proceeding. Upon notification by Aqua Wintergreen that a Contingency Payment has been made, the Staff is directed to develop and provide accounting guidance to Aqua Wintergreen so that appropriate data is available for consideration in the required Compliance Filing or in future rate proceedings.

(12) Aqua Wintergreen shall ensure that:

(a) The quality of service in the Seller's service territory shall not deteriorate due to a lack of maintenance or capital investment;

(b) The quality of service in the Seller's service territory shall not deteriorate due to a reduction in the number of employees providing services; and

(c) Aqua Wintergreen shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Aqua Wintergreen's timely response to Staff inquiries with regard to its provision of water and wastewater services in Virginia.

(13) Within sixty (60) days from the date of this Order Granting Approval, Aqua Wintergreen shall file revised tariff sheets incorporating the granting of the transfer of the Systems to Aqua Wintergreen with the Clerk of the Commission and the Commission's Division of Energy Regulation in accordance with this Order Granting Approval. 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>.

(14) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2014-00127
FEBRUARY 9, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AEP CREDIT, INC.

For authority to continue account factoring program under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On December 19, 2014, Appalachian Power Company ("APCo") and AEP Credit, Inc. ("AEP Credit") (collectively, "Applicants"), filed with the State Corporation Commission ("Commission") an Application requesting authority for APCo to continue factoring its accounts receivables to its affiliate, AEP Credit, under Chapter 4 of Title 56 of the Code of Virginia.¹ The Applicants completed their Application on December 23, 2014.

The Commission first authorized APCo to sell accounts receivables to an affiliate beginning in 2000.² Following this initial approval, the Applicants have subsequently requested, and received Commission approval, to extend the account factoring program through March 31, 2015.³

Under the existing agreement for the program, APCo sells its accounts receivables at a discount to AEP Credit on a daily basis. APCo acts as a collection agent for the receipt of customer payments and remits these payments to AEP Credit. According to the Applicants, this process allows APCo to finance its accounts receivable at a lower cost of capital than it otherwise could.

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 is in the public interest and should be approved, subject to the conditions identified herein.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to §56-77 of the Code of Virginia, the Applicants are hereby granted approval to continue, through March 31, 2020, the factoring program under the terms and conditions and for the purposes detailed in the Application.
- (2) Separate Commission approval shall be required for any changes in the terms and conditions of the factoring Program including, but not limited to, any changes in services received, pricing practices, or successors or assigns.
- (3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.
- (4) The Commission reserves the right to examine the books and records of any affiliate in connection with the approvals granted herein, whether or not such affiliate is regulated by this Commission.
- (5) The approval granted in this case shall have no ratemaking implications. Specifically, the approval granted herein shall not guarantee the recovery of, or ratemaking treatment provided for, any costs or gains directly or indirectly related to any affiliate transaction approved in this case.
- (6) APCo shall include the transactions associated with the factoring program approved herein in its Annual Report of Affiliate Transactions submitted to the Commission's Director of Utility Accounting and Finance on or before May 1 of each year, which deadline may be extended administratively by the Commission's Director of Utility Accounting and Finance.
- (7) If Annual Informational and/or General Rate Case Filings are not based on a calendar year, then APCO shall include the affiliate factoring program information contained in the Annual Report of Affiliate Transactions in such filings.
- (8) This matter is dismissed.

¹ Va. Code § 56-76 *et seq.*

² *Application of Appalachian Power Company d/b/a American Electric Power, For authority to factor its accounts receivables to an affiliate*, Case No. PUF-2000-00027, 2000 S.C.C. Ann. Rept. 623, Order Granting Authority (Oct. 20, 2000).

³ *See, e.g., Application of Appalachian Power Company, For authority to factor its accounts receivables to an affiliate*, Case No. PUE-2007-00014, 2012 S.C.C. Ann. Rept. 216, Order Extending Authority (Feb. 14, 2012).

**CASE NO. PUE-2014-00129
FEBRUARY 25, 2015**

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, 2014, Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway, filed an application ("Application") with the State Corporation Commission ("Commission") for an increase in tolls pursuant to § 56-542 I of the Code of Virginia ("Code"). TRIP II's Application proposes to increase tolls by 2.8%.

On January 6, 2015, 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 20, 2015, TRIP II filed its proof of public notification.

On February 6, 2015, the Staff filed its report ("Staff Report"). The Staff Report confirmed that TRIP II's proposal to increase its tolls by 2.8% was at the level permitted by statute. However, the Staff Report disagreed with TRIP II's proposal to simply round each toll to the nearest nickel, which, in some instances, resulted in rounding up. Doing so causes the actual increase in such rounded-up tolls to exceed the statutory increase limit of 2.8%. Staff believes TRIP II should not be allowed to charge any toll higher than the calculated maximum authorized toll.

Additionally, while the Staff Report did not disagree with TRIP II's proposal to increase its congestion management tolls by 2.8%, the Staff Report did note that TRIP II's methodology of calculating its proposed congestion management tolls is inconsistent with its currently approved tariff,¹ which appears to limit congestion management tolls to 120% of the base toll. The Company's proposed methodology results in some congestion management tolls that are more than 120% of the proposed maximum base toll. Accordingly, the Staff Report recommended that TRIP II amend its tariff to reflect the methodology used by TRIP II to calculate the proposed congestion management tolls in its current Application.

On February 10, 2015, TRIP II filed a Response to the Staff Report Filed February 6, 2015 ("Response"). In its Response, TRIP II disagreed with the Staff's position that the Company not be permitted to round any of the maximum authorized tolls up to the nearest nickel and argued that as long as the proposed collective toll increase does not exceed 2.8%, TRIP II's proposed tolls are in compliance with the statute. TRIP II noted that, as proposed in its Application, the average increase in TRIP II's tolls (collectively) is 2.75%, below the permitted 2.8% increase.

In TRIP II's Response, the Company asserted that the current tariff language regarding calculation of congestion management tolls only applies to the locations where the Company offers a discount from the maximum authorized toll. However, the Company acknowledged that the language at issue is "confusing and not necessarily consistent with the permitted increases under § 56-542 I of the Code"² and offered revised tariff language for the Commission's consideration.

The Commission also received over 340 public comments on TRIP II's Application. Delegate David I. Ramadan, Member, House of Delegates, also filed comments requesting that TRIP II's Application for a toll increase be suspended until such time as the current investigation of TRIP II's tolls in Case No. PUE-2013-00011³ is complete and all appeals are exhausted.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

The Commission finds that it has no legal authority to grant the relief requested by Delegate Ramadan in his comments, which requested the Commission to suspend its decision in this proceeding until such time as our investigation in Case No. PUE-2013-00011 is complete and all appeals are exhausted. Section 56-542 I of the Code grants the Commission no discretion to reject a toll rate increase that meets the terms of that statutory provision. Such an increase is mandatory, and the rate increase must be effective within 45 days from the date of public notification by TRIP II. Accordingly, the Commission finds that it does not have the authority to grant the relief requested by Delegate Ramadan and order a suspension or delay in this proceeding until the investigation in Case No. PUE-2013-00011 is concluded and all appeals are exhausted.

TRIP II seeks authority to raise certain tolls more than the 2.8% limit permitted by statute, so that it can round certain tolls *up* to the nearest nickel. TRIP II argues that "the General Assembly's use of the plural term 'tolls' in § 56-542 I (1) (rather than the singular 'toll' as defined in the Code) evidences its intent that collectively the Company's tolls be permitted to increase by not more than 2.8% and that it did not intend the more restrictive interpretation offered by Staff that would rephrase the statute to require that *each toll* may increase by not more than 2.8% in this proceeding."⁴ We disagree. The plural "tolls" means that all of the tolls may be increased by 2.8%. TRIP II's new interpretation would allow a single toll to increase, for example, by 5%, as long as other tolls changed accordingly so that the total increase did not exceed 2.8%. This violates both the plain language and intent of

¹ See *Application of Toll Road Investors Partnership II, L.P., For an increase in the maximum authorized level of tolls*, Case No. PUE-2006-00081, 2007 S.C.C. Ann. Rept. 346, Final Order (Sept. 11, 2007). The tariff language in question was approved prior to the enactment of § 56-542 I of the Code.

² TRIP II Response at 4.

³ *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of investigating the toll rates of Toll Road Investors Partnership II, L.P., under § 56-542 D of the Code of Virginia*, Case No. PUE-2013-00011, Doc. Con. Cen. No. 130130087, Order Initiating Investigation (Jan. 30, 2013).

⁴ TRIP II Response at 2 (emphasis in original).

the statute. There is nothing in § 56-542 I (1) of the Code that permits the Commission to approve an increase greater than 2.8% for any toll in implementing this statute. Rather, as noted by Staff, "TRIP II has historically rounded the maximum authorized toll *down* to the nearest nickel for efficiency purposes."⁵ This practice ensures that no toll increases by more than the 2.8% permitted by statute. If TRIP II chooses to round to the nearest nickel, it may continue to round *down* as it has in the past.

Finally, we note that § 56-542 I, which went into effect in 2008, prescribes the maximum increase in all of TRIP II's tolls, including congestion management tolls. Accordingly, the language in TRIP II's tariff that limits a congestion management toll to 120% of any variance of the maximum base toll is no longer necessary and, to eliminate any further confusion, should be deleted from the tariff.

In conclusion, pursuant to the requirements of § 56-542 I of the Code, the Commission approves an increase in tolls of 2.8%. 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.

⁵ Staff Report at 4 (emphasis in original).

**CASE NO. PUE-2015-00003
FEBRUARY 23, 2015**

APPLICATION OF
ENSPIRE ENERGY, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On January 9, 2015, Enspire Energy, LLC ("Enspire" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider ("CSP") for natural gas ("Application"). The Company paid the required \$250 registration fee. In its Application, the Company seeks authority to serve eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.¹ Enspire attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On January 14, 2015, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, docketed the Application; required the Company to provide notice of the Application; 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 January 21, 2015, Enspire filed proof of service as the Scheduling Order required. No one filed comments on the Application.

On February 11, 2015, the Staff filed its Staff Report which summarized the Company's proposal and evaluated the financial condition and technical fitness of Enspire to conduct business as a CSP for natural gas. Staff recommended that the Commission grant Enspire a license to conduct business as a CSP for natural gas throughout the service territories open to competition in the Commonwealth of Virginia. The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Enspire meets the requirements for a license to conduct business as a CSP for natural gas and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Enspire hereby is granted License No. G-45 to conduct business as a CSP for natural gas to 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 § 56-235.8 F of the Code of Virginia, the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) For a period of five (5) years, Enspire shall provide annual financial statements to the Commission's Division of Utility Accounting and Finance at the time it files its annual information update report pursuant to 20 VAC 5-312-20 P of the Retail Access Rules.
- (3) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to the license.

¹ Although Enspire seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

**CASE NO. PUE-2015-00005
AUGUST 7, 2015**

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

FINAL ORDER

On January 20, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-234 B¹ of the Code of Virginia, filed with the State Corporation Commission ("Commission") an application 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 ("MW") direct current distributed solar generation ("Solar DG") facility sited in Virginia ("Application"). The Company states in its Application that this Solar DG facility would be constructed under the blanket certificate of public convenience and necessity that the Company received in Case No. PUE-2011-00117² to construct and operate up to 30 MW of Solar DG facilities in its service territory ("Solar Partnership Program").³

The Application states that the proposed DCS Pilot would allow the Company to assess the level of interest of customers who want to support the development of Solar DG in the Commonwealth, but may not be able or willing to install solar generation facilities on their homes or businesses.⁴ Dominion Virginia Power states that the proposed DCS Pilot would further the Company's ability to study the impacts and assess the benefits to its customers of Solar DG on the Company's distribution system and would complement the following currently approved voluntary renewable energy programs: the Solar Partnership Program, the Dominion Green Power[®] program,⁵ the Solar Purchase Program,⁶ and the Renewable Generation Pilot Program.⁷ Further, the Company believes that the DCS Pilot would advance the policy goals of Chapter 771 of the 2011 Virginia Acts of Assembly to promote solar energy through distributed generation.⁸

On February 9, 2015, the Commission entered an Order for Notice and Hearing, which, in part, docketed the Application, provided an opportunity for interested persons to file notices of participation or to comment on the Application, established a procedural schedule, scheduled a public evidentiary hearing, and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. Notices of participation were filed by Appalachian Power Company ("APCo"), the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), and the Virginia, Maryland & Delaware Association of Electric Cooperatives ("Association").

On April 2, 2015, Dominion Virginia Power filed the direct testimony of Brett A. Crable, Nathan J. Frost, and Bonnie P. Horton. On May 19, 2015, the Commission Staff ("Staff") filed the direct testimony of Britton P. Ellis and Allison F. Samuel. On June 3, 2015, the Company filed the rebuttal testimony of Brett A. Crable, Nathan J. Frost, and Mark C. Stevens.

On June 15, 2015, Staff filed a Motion for Ruling on Jurisdiction. Dominion Virginia Power and Consumer Counsel filed responses to the Motion for Ruling on Jurisdiction on June 19, 2015.

On June 23, 2015, Dominion Virginia Power and Staff filed a Stipulation and Recommendation ("Stipulation"), which resolved all issues between Staff and the Company and addressed Staff's Motion for Ruling on Jurisdiction.⁹ Specifically, the Stipulation states in part that: (i) Staff and the Company agree to modifications to the Rider DCS tariff language to add further clarity to the Rider DCS offering; (ii) the Rider DCS revenues will be collected during the two-year term of the DCS Pilot and the Company will fully amortize such amounts collected under Rider DCS over the two-year term of the DCS Pilot and include the associated accumulated amortization balance as a reduction to rate base; (iii) Staff withdraws its Motion for Ruling on Jurisdiction; (iv) the

¹ Section 56-234 B of the Code of Virginia provides in part that "...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."

² *Application of Virginia Electric and Power Company, For approval of a Community Solar Power Program and for certification of proposed distributed solar generation facilities pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly and §§ 56-46.1 and 56-580 D of the Code of Virginia*, Case No. PUE-2011-00117, 2012 S.C.C. Ann. Rept. 328, Order (Nov. 28, 2012).

³ Exhibit ("Ex.") 1 (Application) at 1-2, 15.

⁴ *Id.* at 2.

⁵ *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff, (Dec. 3, 2008).

⁶ *Petition of Virginia Electric and Power Company, For approval of a special tariff to facilitate customer-owned distributed solar generation pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly*, Case No. PUE-2012-00064, 2013 S.C.C. Ann. Rept. 269, Order (Mar. 22, 2013).

⁷ Ex. 1 (Application) at 3-5, 6-10; *Application of Virginia Electric and Power Company, For approval to establish a renewable generation pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2012-00142, 2013 S.C.C. Ann. Rept. 346, Final Order (Dec. 16, 2013).

⁸ Ex. 1 (Application) at 3.

⁹ The Stipulation was first filed on June 22, 2015, but due to an administrative oversight, two attachments to the Stipulation were inadvertently not included with the June 22, 2015 filing.

Company will provide Staff with copies of all marketing and promotional material prior to its publication for Staff's review; and (v) the Company will provide updates to the Commission in September of each year of the DCS Pilot.¹⁰

The public hearing was convened on June 23, 2015. Counsel for Dominion Virginia Power, the Association, Consumer Counsel, and Staff attended the hearing.¹¹ At the conclusion of the hearing, no party objected to or opposed the Stipulation.

On July 9, 2015, the Report of Alexander F. Skirpan, Jr., Senior Hearing Examiner ("Hearing Examiner's Report" or "Report") was filed. In his Report, the Hearing Examiner stated that, "[b]ased on the record developed in this proceeding and the unopposed Stipulation, I find that the Stipulation should be adopted and that the proposed [DCS] Pilot and Rider DCS, as modified by the Stipulation, should be approved."¹²

On July 16, 2015, Dominion Virginia Power and Consumer Counsel filed comments on the Hearing Examiner's Report. Dominion Virginia Power filed comments supporting the findings and recommendations made in the Hearing Examiner's Report and requesting that the Commission approve the proposed DCS Pilot and Rider DCS.¹³ In its comments, Consumer Counsel stated that it "does not oppose the Company's Application or object to the Stipulation"; however, it "remains concerned that the DCS Pilot, if approved, may not be marketed clearly by the Company."¹⁴ More specifically, Consumer Counsel "wishes to ensure that the DCS Pilot will not be marketed as a solar energy tariff or as an option for customers to purchase electric energy output from a renewable energy facility."¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed Stipulation is reasonable and should be accepted.

In addition, the Commission finds that Dominion Virginia Power's marketing of the DCS Pilot must accurately reflect the DCS tariff provisions approved herein. Specifically, the tariff language proposed in the Stipulation, and ordered herein, allows a customer "to purchase a portion of the Customer's energy requirements at a premium price ... to support the development of additional Company-owned solar distribution generation facilities within Virginia."¹⁶ Accordingly, Rider DCS does not, under the express terms thereof, state that the retail customer is making a direct purchase of any specific renewable energy output.¹⁷ In order for the DCS Pilot reasonably to serve the experimental purpose for which it is approved herein, it must be marketed in accordance with the specific terms of that approval. Further in this regard, we note that the Stipulation, as ordered herein, directs "that the Company shall provide the Staff with copies of all marketing and promotional material prior to its publication for the Staff's review."¹⁸

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application for approval of the DCS Pilot and experimental rate, designated Rider DCS, is granted as set forth herein.
- (2) The Stipulation and Recommendation is reasonable and shall be adopted.
- (3) The Company shall forthwith file a revised Rider DCS and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) Rider DCS, as approved herein, shall become effective on the first day of the month: (a) after the 2 MW Solar DG facility is installed and becomes fully operational, or (b) within ninety (90) days after the date of this Final Order, whichever is later.
- (5) This docket shall remain open for the purpose of receiving future filings and reports.

¹⁰ Ex. 3 (Stipulation) at 1-3.

¹¹ Prior to the hearing, APCo indicated that it would not be attending the hearing.

¹² Report at 13.

¹³ Letter of Dominion Virginia Power in Support of Hearing Examiner's Report at 1.

¹⁴ Comments of Consumer Counsel on Hearing Examiner's Report at 1.

¹⁵ *Id.*

¹⁶ See Stipulation at Attachment 1.

¹⁷ As noted by Consumer Counsel, the Commission has also previously distinguished between (i) the direct purchase of renewable energy, and (ii) the purchase of attributes associated with renewable energy. See *Application of Appalachian Power Company, For approval of its Renewable Power Rider*, Case No. PUE-2008-00057, 2008 S.C.C. Ann. Rept. 557, Order Approving Tariff (Dec. 3, 2008) (distinguishing between a retail customer's (i) direct purchase of electric energy from a renewable facility, and (ii) purchase of renewable energy credits procured from a renewable facility).

¹⁸ See Stipulation at 2-3.

**CASE NO. PUE-2015-00006
OCTOBER 20, 2015**

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

FINAL ORDER

On January 20, 2015, 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 a certificate of public convenience and necessity ("CPCN"), pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code"), to construct and operate a 20 megawatt ("MW") utility-scale solar electric generating facility near the town of Remington in Fauquier County, Virginia ("Remington Solar Facility" or "Facility"). Dominion proposes to build the Remington Solar Facility on a 280-acre parcel of land owned by the Company, located across from the Company's existing natural gas-fired Remington Power Station.¹

Through its Application, the Company also requested Commission approval of a rate adjustment clause, designated Rider US-1, pursuant to Code § 56-585.1 A 6.² Dominion seeks Commission approval of the proposed Rider US-1 to recover costs of the Remington Solar Facility, including distribution facilities to interconnect the Facility to the Company's system.³

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." Pursuant to Code § 56-580 D, the "Commission shall complete any proceeding under this section . . . involving an application for a certificate . . . required for the construction or operation by a public utility of a small renewable energy project . . . within nine months following the utility's submission of a complete application therefore."

On February 20, 2015, the Commission issued an Order for Notice and Hearing that, among other things, assigned a Hearing Examiner to conduct further proceedings, directed Dominion to provide public notice of its Application, established a procedural schedule, permitted interested persons an opportunity to file comments on the Application or to participate in this proceeding as a respondent, and scheduled an evidentiary hearing.

On July 15, 2015, the hearing was convened. The Company, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), Appalachian Voices and the Chesapeake Climate Action Network ("Environmental Respondents"), the Maryland DC Virginia Solar Energy Industries Association ("Solar Association"), and the Commission's Staff ("Staff") participated in the hearing.⁴ In addition, public witnesses provided testimony on the Application.

On September 24, 2015, Chief Hearing Examiner Deborah V. Ellenberg issued a report ("Report") that explained the procedural history of this case, summarized the record, and made findings and recommendations. On October 1, 2015, the Company, Consumer Counsel, and Environmental Respondents filed comments on the Report.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Application is denied without prejudice for the Company to submit, if it chooses, a new application requesting approval of the Remington Solar Facility.

Code of Virginia

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.⁵

¹ Ex. 3 at 6.

² The Company's Application was also filed pursuant to the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.*, and Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility, 20 VAC 5-302-10 *et seq.*

³ Ex. 3 at 12.

⁴ The Virginia Committee for Fair Utility Rates filed a notice of participation, but did not participate in the hearing.

⁵ Section 56-580 D contains a nearly identical provision applicable specifically to generation facilities.

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 § 56-585.1 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 . . . one or more other generation facilities . . .

A utility seeking approval to construct a generating facility shall demonstrate that it has considered and weighed alternative options, including third-party market alternatives, in its selection process.

Code § 56-585.1 D states 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.). In determining the reasonableness or prudence of a utility providing energy and capacity to its customers from renewable energy resources, the Commission shall consider the extent to which such renewable energy resources, whether utility-owned or by contract, further the objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and shall also consider whether the costs of such resources is likely to result in unreasonable increases in rates paid by consumers.

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 and Rider US-1

A contested issue in this proceeding is whether Dominion has satisfied the requirement of Code § 56-585.1 A 6 for the Company to demonstrate that it has considered and weighed alternative options, including third-party market alternatives, during its process for selecting the Remington Solar Facility. The Code specifically requires this type of demonstration when, as in this case, a utility such as Dominion seeks Commission "approval to construct a generating facility."⁶ Consumer Counsel asserts that Dominion has failed to satisfy this statutory requirement.⁷

The Commission has applied the statutes above, which includes liberally construing the relevant provisions of the Code and recognizing certain types of renewable facilities are in the public interest. As a "small renewable" solar project, the Remington Solar Facility is one type of generation resource that the General Assembly has identified as in the public interest.⁸ The General Assembly, however, has not declared it to be in the public interest that renewable power can *only* be obtained from the CPCN applicant's own self-build project, such as proposed herein by Dominion, or at *any* price, no matter how burdensome to consumers.⁹ The statutory requirement that an applicant must demonstrate that "third-party market alternatives" have been considered

⁶ Code § 56-585.1 A 6.

⁷ See, e.g., Consumer Counsel's Comments on the Report at 23 ("But Dominion must satisfy the requirements of Va. Code § 56-585.1 A 6. Dominion has not satisfied those requirements."). Consumer Counsel also states that "[t]here is no doubt that the Company views the Remington solar facility as a cost being incurred to assist Virginia in complying with [the Clean Power Plan ('CPP') emission guidelines proposed by the Environmental Protection Agency pursuant to Section 111(d) of the Clean Air Act]." Consumer Counsel's Comments on the Report at 21 (citing testimony of Dominion Witness Rogers). The Commission notes that details regarding CPP compliance are uncertain at this point, including the means of cost recovery. As previously explained by the Commission, and quoted by Consumer Counsel, "[s]ignificant questions remain, however, as to when Dominion will incur Section 111(d) compliance costs and, when incurred, whether the Company would recover those costs through existing base rates or would seek to recover them through rate increases in [rate adjustment clauses]." *Id.* at 20 (citation and internal quotations omitted).

⁸ See, e.g., Code § 56-580 D. "[S]mall renewable energy project[s] include solar generation facilities "with a rated capacity not exceeding 100 [MWs]." Code § 10.1-1197.5. Other types of generation facilities that the General Assembly has identified as in the public interest include other types of "small renewable" facilities and certain coal-fired generation facilities. *Id.*; Code § 56-585.1 A 6.

⁹ We also note that parties to this proceeding have recognized that amendments to Code § 56-585.1 A 6 were passed by the General Assembly in its 2015 Regular Session (Senate Bill 1349 and House Bill 2237), which identify as in the public interest the construction or purchase by an investor-owned utility of solar generation facilities up to an amount that does not exceed 500 MWs. As held by the Supreme Court of Virginia, "when a statute is amended while an action is pending, the rights of the parties are to be decided in accordance with the law in effect when the action was begun, unless the amended statute shows a clear intention to vary such rights." *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193, 217 S.E. 2d 815, 823 (1975). Nothing in the language of these amendments shows a clear intention that this solar legislation should operate retroactively. Regardless, we note that these

and weighed during the applicant's selection process expresses the General Assembly's clear intent that serious and credible efforts must be made to determine whether there are third-party market options available to provide this renewable power at prices less burdensome to consumers than the applicant's self-build option. The plain language of Code § 56-585.1 A 6 does not exempt renewable facilities (or any facilities deemed to be in the public interest) from this demonstration required for our approval of a proposed generation facility.

Further, Code § 56-585.1 D specifically authorizes the Commission to consider, among other things, the "reasonableness or prudence" of utility proposals, including proposals for cost recovery pursuant to Code § 56-585.1 A 6, and, in doing so for renewable facilities such as the Remington Solar Facility, to consider the extent to which such proposed facilities are "likely to result in unreasonable increases in rates paid by consumers."¹⁰

Based on the record developed in this case, we find that the record does not demonstrate that the Company considered and weighed alternative options, including third-party market alternatives, during the selection process for the Remington Solar Facility, as required by Code § 56-585.1 A 6. Nor do we find that Dominion has established that the costs of the Facility proposed to be paid by consumers would be reasonable or prudent, based on the record.

The record indicates, for example, that the Company "primarily relied on [the] North Carolina solar market for the purposes of evaluating third-party market alternatives."¹¹ The Company, however, testified that North Carolina solar facilities identified in the record by Dominion already sell power under existing agreements with the Company at Schedule 19 tariff rates approved by the North Carolina Utilities Commission, are subject to mandatory purchase obligations, or both.¹² Given this evidence, the Company has not established how, during the selection process for the Remington Solar Facility, such resources were – or reasonably could be – considered "alternative options" to selecting the Facility.¹³

The Solar Association and public witnesses, including the executive director of the Mid-Atlantic Renewable Energy Coalition and the director of the Virginia Chapter of the Sierra Club, all testified that a request for proposal ("RFP") process – which Dominion did not conduct in an analysis of third-party market alternatives to the Remington Solar Facility¹⁴ – could have provided evidence as to whether lower-cost alternatives exist to provide this renewable power.¹⁵ We agree.

In addition, the Commission notes that Consumer Counsel urges us to rule that evidence of actual alternatives, if not a formal RFP process, is required in all CPCN cases.¹⁶ Indeed, the record indicates that Dominion is now conducting an RFP process to obtain additional solar power.¹⁷ A serious and credible RFP process would certainly be relevant to whether a CPCN applicant has met the Code's requirement to consider and weigh third-party market alternatives in the Company's selection process; however, we do not need to rule herein that a formal RFP must always be performed in a CPCN case in order to fulfill the demonstration required by Code § 56-585.1 A 6 regarding alternative options, including third-party market alternatives. There may be other credible methods to meet the statute's requirement. In this case, we need only determine whether the record herein demonstrates that what Dominion *did* do meets the statutory requirement, and we find that it does not.

Environmental Respondents ask us to rule that the demonstration regarding "alternative options" required by Code § 56-585.1 A 6 "is not satisfied simply by considering other means of procuring the identical resource proposed by the Company . . . and should include expanded commitments to energy efficiency (demand-side management), market purchases, and other supply-side resources . . ." ¹⁸ We note that the cost of the other resource types that the Environmental Respondents identify as "alternative options" could be lower or higher than the Remington Solar Facility, and not all resources are comparable. The record herein demonstrates that the estimated cost of Dominion's proposed Facility would be \$2,350/kW and the Facility would initially have an average annual capacity factor of 22%.¹⁹ By comparison, the estimated cost of Dominion's combined-cycle gas generating station under construction in Brunswick County is \$934/kW, with a much higher expected capacity factor.²⁰ The General Assembly, of course, has declared that solar and

amendments, even if applied to the Application, do not obviate the "third-party market alternatives" demonstration required under Code § 56-585.1 A 6 or the Commission's authority to evaluate the reasonableness or prudence of costs proposed for recovery from consumers, as discussed herein.

¹⁰ Code § 56-585.1 D.

¹¹ Ex. 11. *See also* Ex. 27 at Exhibit JAS-1.

¹² Tr. 134-138; Ex. 7 at 13-16, Schedule 1.

¹³ We also do not find that the Company's market curve projections for purchased power satisfy the requirements of the Code. In addition, the record does not demonstrate the extent to which Dominion evaluated an 18 MW landfill gas project in Suffolk, or an 80 MW solar project in Accomack County. These two Virginia projects were not identified in the Company's Application or direct testimony. When identified in response to discovery from Staff, the Company did not include information necessary to determine how or when they were evaluated by the Company, much less whether they were considered and weighed as part of the process for selecting the Facility. Ex. 27 and 27-C at 17-18, Exhibit JAS-1, Exhibit JAS-2. Indeed, the Company testified that it would not consider the landfill gas project applicable to developing a solar resource like the Remington Solar Facility. Tr. 104. The record regarding these two projects is, at best, undeveloped and unsupported, and does not satisfy the requirements of the Code.

¹⁴ *See, e.g.*, Ex. 11.

¹⁵ *See, e.g.*, Ex. 21; Tr. 13-20; Tr. 183-215.

¹⁶ *See, e.g.*, Consumer Counsel's Comments on the Report at 4-12.

¹⁷ Tr. 225-231.

¹⁸ Environmental Respondents' Comments on the Report at 3.

¹⁹ *See, e.g.*, Ex. 14 at 9; Ex. 7 at 7-8. An annual capacity factor is a measure of the actual energy produced by a generation facility during a year relative to the theoretical maximum total energy the facility could produce if it were to operate at full production during the entire year.

other renewable projects up to a size specified by the Code are in the public interest, but the cost of such projects, compared to other renewable alternatives, remains important to the General Assembly and the Commission's evaluation. The comparatively high cost to consumers and low capacity factor of Dominion's proposal herein underscore that serious and credible efforts, as required by the General Assembly, must be made to determine whether lower cost alternatives for obtaining renewable power are available in the market from third parties. That was not done by Dominion in this case. As discussed above, however, we need only determine whether the record herein demonstrates that Dominion's efforts meet the statutory requirement, and we find that they do not.

Based on the record, including but not limited to the evidence specifically discussed herein, we find that Dominion has not satisfied the statutory requirements for our approval of the Application, and we find that Dominion has not established that the costs proposed to be paid by consumers would be reasonable or prudent. Accordingly, we reject Dominion's Application without prejudice. Dominion is free to refile an application that meets all statutory requirements, including the Code's requirement regarding third-party market alternatives, and that establishes the reasonableness and prudence of any costs proposed for recovery from consumers.

Accordingly, IT IS ORDERED THAT the Application is denied without prejudice and this matter is dismissed.

²⁰ See, e.g., *Application of Virginia Electric and Power Company, For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2012-00128, 2013 S.C.C. Ann. Rep. 302, 308, Final Order at 16 (Aug. 2, 2013).

**CASE NO. PUE-2015-00008
MARCH 9, 2015**

APPLICATION OF
SPRAGUE ENERGY SOLUTIONS INC.

For a license to conduct business as a natural gas aggregator

ORDER GRANTING LICENSE

On January 23, 2015, Sprague Energy Solutions Inc. ("Sprague" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a natural gas aggregator ("Application"). The Company paid the required \$250 registration fee. In its Application, Sprague seeks authority to serve eligible commercial and industrial customers throughout the Commonwealth of Virginia.¹ Sprague attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On January 30, 2015, the Commission issued an Order for Notice and Comment that, among other things, docketed the Application; required the Company to provide notice of the Application; 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 5, 2015, Sprague filed proof of service. No one filed comments on the Application.

On February 20, 2015, the Staff filed its Staff Report which summarized the Company's proposal and evaluated the financial condition and technical fitness of Sprague to conduct business as a natural gas aggregator. Staff recommended that the Commission grant Sprague a license to conduct business as a natural gas aggregator in the Commonwealth of Virginia. The Company did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Sprague meets the requirements for a license to conduct business as a natural gas aggregator, and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Sprague hereby is granted License No. A-40 to conduct business as a natural gas aggregator for commercial and industrial customers throughout the service territories open to competition in the Commonwealth of Virginia. This license is granted subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, this Order Granting License, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license.

¹ Although Sprague seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

² 20 VAC 5-312-10 *et seq.*

**CASE NO. PUE-2015-00010
SEPTEMBER 21, 2015**

APPLICATIONS OF
BUCKLAND WATER & SANITATION ASSETS CORPORATION
VINT HILL ECONOMIC DEVELOPMENT AUTHORITY,
VINT HILL VILLAGE, LLC, and
VINT HILL DEVELOPMENT, LLC

For certificates of public convenience and necessity to provide water and sewerage services pursuant to the Utility Facilities Act and for approval of a transfer of utility assets pursuant to the Utility Transfers Act

FINAL ORDER

On January 27, 2015, Buckland Water & Sanitation Assets Corporation ("Buckland"), Vint Hill Economic Development Authority ("Vint Hill EDA"), Vint Hill Village, LLC ("Vint Hill Village"), and Vint Hill Development, LLC ("Vint Hill Development") (collectively, the "Applicants"), filed with the State Corporation Commission ("Commission") an application pursuant to § 56-88 *et seq.* of the Code of Virginia ("Code") for a transfer of assets from Vint Hill EDA to Buckland ("Transfer Application"). Also on January 27, 2015, Buckland filed with the Commission an application pursuant to § 56-265.1 *et seq.* of the Code for certificates of public convenience and necessity to provide water and sewerage services in Fauquier County ("CPCN Application").¹

The Applicants request approval of a transfer of water and sewer assets from Vint Hill EDA to Buckland.² Buckland also seeks to provide water and sewerage services to residential and commercial customers in Fauquier County, with additional connections made at the time of future residential and commercial construction.³

In 1993, the Federal Base Realignment and Closure Commission targeted Vint Hill Farms Station ("Vint Hill Station"), a United States Army facility located in Fauquier County, for closure. In 1996, the Governor of Virginia created the Vint Hill EDA for the purpose of redeveloping the Vint Hill Station property. In 1997, the Army facility closed.⁴

In a series of transactions, private land developers Vint Hill Management, LLC, and Vint Hill Land, LLC, a wholly owned subsidiary of Vint Hill Development, purchased land, buildings, and other Vint Hill Station property from Vint Hill EDA.⁵ The Vint Hill Station property included water and sewer utility assets (collectively, "Utility Assets").⁶ Vint Hill Development formed Buckland, a Virginia public service corporation, for the purpose of receiving and owning the Utility Assets.⁷ Legal title to the Utility Assets was placed in an escrow account controlled by Vint Hill EDA pending Commission review of the Transfer Application ("Escrow Agreement").⁸ If approved by the Commission, the Utility Assets would be owned and managed by Buckland.⁹

Buckland states that since 2001, the subject Utility Assets have been operated continuously under contract by the Fauquier County Water and Sewer Authority ("FCWSA"), which has agreed to a contract to continue to operate these assets for Buckland.¹⁰ The Applicants state that Buckland will continue to provide reliable service at the rates that the FCWSA charges to the affected customers.¹¹ Buckland asserts that "adequate service at just and reasonable rates to the customers will not be impaired or jeopardized by the transfer of the assets...."¹²

On April 8, 2015, the Commission issued an Order for Notice and Comment that, in part, consolidated the Transfer Application and CPCN Application (collectively, the "Consolidated Application"), required the Applicants to give public notice of the Consolidated Application; provided interested

¹ On March 31, 2015, Buckland supplemented its CPCN Application with revised rate schedules.

² Transfer Application at 1.

³ CPCN Application at 2.

⁴ Transfer Application at 3.

⁵ Staff Report at 1-2. The original purchase agreement contracts for this transaction were dated April 2, 2013, and August 9, 2014, with various amendments to these agreements being executed later. A real estate closing was held on May 22, 2014.

⁶ *Id.* at 2.

⁷ See CPCN Application at 1; Staff Report at 2. Buckland is a wholly owned subsidiary of Vint Hill Development. Vint Hill Development also formed another wholly owned subsidiary, Vint Hill Village, to receive Vint Hill Station's non-utility assets. Since the original purchase agreements listed Vint Hill Land, LLC, as the purchaser of the Vint Hill Station property, the May 22, 2014 closing also assigned Vint Hill Land, LLC's rights under the purchase agreements to Vint Hill Village and Buckland. See Staff Report at 2-3.

⁸ See Petition Exhibit 6 (Escrow Agreement) to Transfer Application.

⁹ However, the Applicants indicate that as the conveyed sewer infrastructure is replaced over time, Buckland will ultimately have no sewer line infrastructure for which it is responsible. Transfer Application at 7, n.7.

¹⁰ CPCN Application at 2.

¹¹ Transfer Application at 8.

¹² *Id.*

persons the opportunity to comment or request a hearing on the Consolidated Application; and directed the Commission Staff ("Staff") to investigate the Consolidated Application and file a report ("Staff Report" or "Report") containing its findings and recommendations. No comments or requests for hearing were filed in this proceeding.

On July 28, 2015, Staff filed its Staff Report. In its Report, Staff reviewed, among other things, the Consolidated Application, the utility plant and associated operating permit issued by the Virginia Department of Health, and aspects of Buckland's business plan and accounting practices. Based on its investigation, Staff concluded that adequate service at just and reasonable rates would not be impaired or jeopardized by granting the proposed Transfer Application or the proposed CPCN Application. Therefore, Staff recommended that the Commission grant the proposed transfer of Utility Assets to Buckland and the requested certificates of public convenience and necessity, subject to certain conditions recommended by Staff.¹³

On August 11, 2015, Buckland filed a letter stating that it has no objections to the July 28, 2015 Staff Report and "agrees that the Staff recommendations are appropriate."¹⁴

NOW THE COMMISSION, having considered the Transfer Application, the CPCN Application, the Staff Report, and applicable law, is of the opinion and finds that the Transfer Application and CPCN Application should be approved, subject to the conditions recommended by Staff.¹⁵ In determining to approve the Consolidated Application, the Commission has considered the entire record in this proceeding, including, but not limited to, Buckland's contractual relationship with the FCWSA, which will continue operating the Utility Assets after ownership has transferred to Buckland.

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' Consolidated Application is approved as set forth herein.
- (2) Pursuant to the Utility Transfers Act, Chapter 5 (§ 56-88 *et seq.*) of Title 56 of the Code, Buckland is hereby authorized to acquire the Utility Assets that are a part of the Vint Hill Station property, subject to the findings and requirements set forth herein. Approval of the Transfer Act Application granted herein does not include any approvals other than those necessary to consummate the proposed transfer.
- (3) Within thirty (30) days of completing the proposed transfer, the Applicants shall file a report of action with the Commission. The report shall include the date of closing, the actual sales price of the Vint Hill Station property, the consideration allocated to the Utility Assets, and Buckland's accounting entries recording the transfer. Such accounting entries shall be recorded in accordance with the Uniform System of Accounts for Class C Water Utilities.
- (4) The Applicants shall file verification that the transfer of titles to the Utility Assets and associated rights from Vint Hill EDA to Buckland has been completed consistent with the Escrow Agreement, including verification that the escrow is completed and the identified deeds have been recorded.
- (5) After sufficient verification required by Ordering Paragraph (4) has been filed, pursuant to the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 *et seq.*) of Title 56 of the Code, and subject to the findings and requirements set forth herein, Buckland's CPCN Application for certificates to provide water and sewerage services in Fauquier County, Virginia, hereby is granted, and the following certificates shall be issued:
 - (a) Buckland shall be issued Certificate No. W-332, which authorizes the furnishing of water service in Fauquier County as shown on maps attached to, and made part of, the Certificate.
 - (b) Buckland shall be issued Certificate No. S-100, which authorizes the furnishing of sewerage service in Fauquier County as shown on maps attached to, and made part of, the Certificate.
- (6) On April 1 of each year, Buckland shall file an Annual Financial and Operating Report with the Commission's Division of Utility Accounting and Finance.
- (7) Within ninety (90) days following the first full year of Buckland's ownership of the Utility Assets, Buckland shall file a balance sheet, a 12-month income statement, and a rate of return statement, and Staff shall review the financial statements, conduct an investigation of the reasonableness of Buckland's rates, and summarize its findings in a report filed with the Commission.
- (8) Buckland shall ensure that:
 - (a) The quality of service to Buckland's customers does not deteriorate due to a lack of maintenance or capital investment or due to a reduction in the number of contracted employees providing services; and
 - (b) A high degree of cooperation is maintained with the Commission Staff and Buckland shall take all actions necessary to ensure its timely response to Staff inquiries with regard to its provision of services.

¹³ Staff Report at 9-12.

¹⁴ Buckland Response to Staff Report at 1. Buckland was the only applicant to file a response to the Staff Report.

¹⁵ One of Staff's recommended conditions is that Buckland file, subsequent to transfer, financial and accounting information sufficient to allow Staff to investigate and file a report on the rates charged to Buckland's customers. It is the Commission's expectation that Staff's report will include an analysis of whether Buckland's rates are just and reasonable and, if not, recommend any Commission action that may be appropriate at that time, which could include, but not be limited to, prospective rate changes. This proceeding shall remain open, pending further order of the Commission, for the purpose of this required review of Buckland's rates, which were not Commission jurisdictional prior to the approvals granted herein.

(9) The approvals granted herein shall have no ratemaking implications. In particular, the approvals granted herein do not guarantee the recovery of any costs directly or indirectly related to the transfer of Utility Assets to Buckland.

(10) This proceeding shall remain open, pending further order of the Commission.

**CASE NO. PUE-2015-00012
FEBRUARY 20, 2015**

APPLICATION OF
COMMUNITY ELECTRIC COOPERATIVE

For authority to refinance long-term debt

ORDER GRANTING AUTHORITY

On January 28, 2015, Community Electric Cooperative ("Applicant" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia requesting authority to refinance long-term debt. The Cooperative has paid the requisite fee of \$250.

The Applicant requests authority to prepay up to \$12,726,971.68 of the remainder of its Rural Utilities Services ("RUS") and Federal Financing Bank ("FFB") debt and \$893,810.16 in CoBank long-term debt. The Cooperative proposes to refinance the prepaid amount through the National Rural Utilities Cooperative Finance Corporation. The new debt will be structured in four tranches with maturities ranging from 15 to 23 years, with each note carrying a different interest rate. The composite interest rate on the new debt is expected to be 3.62%, which reflects fixed interest rates on three tranches that range from 3.64% to 4.45%, and one variable rate tranche with an initial rate of 1.25%. The RUS and FFB loans will be prepaid at face value with a prepayment penalty on the FFB loans which will be offset by a credit balance the Applicant holds with RUS. It is anticipated that interest expense will be reduced by approximately \$617,271 over the life of the new 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) Applicant is hereby authorized to refinance up to \$13,620,781.84 of its long-term debt, under the terms and conditions and for the purposes set forth in the application.

(2) Within thirty (30) days of the date of the refinance of funds, 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 refinance, the term of the new debt, and the interest rates associated with the new debt.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) There appearing nothing further to be done in this matter, it is hereby dismissed.

¹ Va. Code § 56-55 *et seq.*

**CASE NO. PUE-2015-00014
AUGUST 4, 2015**

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.*

ORDER GRANTING APPROVAL

On January 28, 2015, Aqua Utilities Captain's Cove, Inc. ("Aqua CC" or "Company"), a wholly owned subsidiary of Aqua Virginia, Inc., and Captain's Cove Utility Company, Inc. ("Captain's Cove" 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 ("Transfer") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").¹ The Joint Petitioners seek authority for Aqua CC to acquire, and Captain's Cove to dispose of, utility assets used to

¹ Va. Code §§ 56-88 *et seq.* ("Utility Transfers Act").

provide water and sewer service ("Assets") to customers of Captain's Cove subdivision in Accomack County, Virginia.² In addition, Joint Petitioners seek approval to transfer the Seller's Certificate of Public Convenience and Necessity to furnish public utility service, pursuant to § 56-265.3 D of the Code, and any other necessary authority to serve the Captain's Cove community. Aqua CC seeks to acquire the Water System Assets for a base purchase price of \$2,292,310, and the Wastewater System Assets for a base purchase price of \$140,425, plus \$30,000 per year for ten years, as compensation for real estate and other related costs.³

The Joint Petitioners state that the Water System is currently under a consent order issued by the Virginia Department of Health ("VDH") on June 28, 2011 ("Consent Order"), for, among other things, exceeding the maximum contaminant level of arsenic, in addition to other miscellaneous water quality issues.⁴ Aqua CC anticipates Water System capital spending in the first five years to be \$1.2 million, with \$1.1 million spent in the first two years to add three wells to the system along with treatment and discharge appurtenances to improve water quality and satisfy the Consent Order, the balance of funds being estimated working capital.⁵

The Joint Petitioners state that the existing Captain's Cove vacuum sewer collection system is failing.⁶ Aqua CC proposes to convert the existing sewer collection area from vacuum to forcemain.⁷ As part of the conversion, existing customers currently served by the vacuum collection system will be required to install new grinder pumps at customer expense.⁸ The Joint Petitioners state that Captain's Cove will provide access to financing upon commercially reasonable terms to those existing customers that request financial assistance for the installation of grinder pumps.⁹ In addition, the Joint Petitioners state that for any new connections made after the vacuum system is replaced and the new forcemain system is placed in service, customers will be solely responsible for the installation of grinder pumps.¹⁰ Aqua CC anticipates Wastewater System capital spending in the first five years to be approximately \$2.6 million, with \$1.4 million projected to be spent in the first year, which includes \$300,000 of interim upgrades to the wastewater plant, approximately \$1 million for forcemain installation, and other working capital.¹¹

According to the Joint Petitioners, Aqua CC and CCG Note, LLC ("Developer"), have also entered into a separate Sewer System Construction Agreement ("Developer Agreement"), contingent upon closing this proposed transaction, whereby Developer will cause new sewer collection forcemains to be installed to serve 390 lots to expand service in the portion of the community already served by water, but which cannot be served by individual septic drain fields, leaving them unbuildable.¹²

Currently, the Seller's residential water and sewer connection fees are \$500 and \$3,000, respectively. Aqua CC proposes to change the residential water connection fee from \$500 to actual cost and to leave the sewer fee unchanged.¹³ Aqua CC will continue to charge the existing water and sewer availability fees of \$6.21 and \$18.65 per month, respectively.¹⁴ Aqua CC proposes to continue charging customers the existing non-metered rates for water and sewer service.¹⁵

The Joint Petitioners state that there will be no impairment of adequate service at just and reasonable rates from the proposed acquisition by Aqua CC of the Systems, and that the acquisition will help to insure that the customers served by the Systems will continue to receive adequate service at just and reasonable rates in the future.¹⁶

² The water system is currently known as the Captain's Cove Subdivision Public Water System ("Water System"), which is currently used to serve 957 active connections and has 2,513 availability lots. The sewer system is known as the Captain's Cove STP ("Wastewater System") which currently provides wastewater service to 272 active connections, with the capability to serve 398 additional lots (collectively, "the Systems"). Joint Petition at 2.

³ *Id.* at 5. The proposed payments of \$30,000 per year for ten years is for land that Aqua CC plans to purchase for installation of a rapid infiltration basin ("RIB"), contingent upon closing of the Transfer and obtaining a permit from the Virginia Department of Environmental Quality. *Id.* at 10.

⁴ *Id.* at 7.

⁵ *Id.* at 9.

⁶ *Id.* at 11.

⁷ *Id.*

⁸ *Id.* at 12.

⁹ *Id.*

¹⁰ *Id.* The Joint Petition states that non-sewered areas may remain septic and customers with existing septic systems will not be forced to connect to the sewer system as it is expanded unless required by VDH. *Id.* at 13.

¹¹ *Id.* at 13; Joint Petition, Exhibit C (Transaction Summary), p. 5. According to the Transaction Summary, the purchase of the additional RIB land is included in these capital improvement estimates.

¹² Joint Petition at 6-7. According to the Developer Agreement attached to the Joint Petition, the Company will pay \$3,000 to the Developer within 45 days of activation of a new connection to the system covered by the Developer Agreement, "cumulatively up to the total of the certified cost of the project plus interest accrued on the unpaid balance at a rate equal to the Prime Rate... plus one percent (1%); after which \$1,000 of each fee shall be remitted" ("Developer Agreement payments").

¹³ *Id.* at 14.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

On March 10, 2015, the Commission issued an Order for Notice and Comment ("Procedural Order") that provided for notice to the public of the Joint Petition and established a procedural schedule in this case. Among other things, the Procedural Order allowed for interested persons to submit comments and request a hearing in this proceeding, and directed the Commission Staff ("Staff") to analyze the reasonableness of the Joint Petition and present its findings in a Staff Report.

The Commission received 13 written comments opposing the Joint Petition.¹⁷ No requests for hearing were filed in this matter.

On June 16, 2015, the Staff Report was filed in which the Staff concluded that adequate service at just and reasonable rates will not be impaired by the proposed transfer. Staff recommended that the Commission approve the Joint Petition and the transfer of the Seller's CPCN to Aqua CC, pursuant to § 56-265.3 D of the Code, but subject to certain requirements to address various issues raised by the proposed transfer. First, Staff noted that, based on the difference between the purchase price and net book value of each System at closing, Aqua CC estimates a negative Utility Plant Acquisition Adjustment ("UPAA") of \$74,756 will be recorded on the Wastewater System books at closing and a positive UPAA of \$169,721 will be recorded on the Water System books at closing.¹⁸ Staff does not recommend that the Commission make a determination as to the reasonableness of the UPAA at this time (and whether it should be included in rate base), but that it should be examined when rates are reviewed after one year of ownership, at which time Aqua CC should be required to provide full support and documentation of any UPAA it proposes to recover through its cost of service.¹⁹

Second, Staff recommended that Aqua CC be allowed to continue billing existing rates for the Systems on an interim basis subject to refund with interest.²⁰ Staff recommended that, consistent with previous cases, the Staff review the reasonableness of the rates after the first full year of Aqua CC's ownership of the Systems and file a report with the Commission.²¹

Third, Staff noted that Aqua CC plans to purchase an additional ten acres of land for \$300,000 to be used for future expansion of the RIB portion of the wastewater treatment plant. Staff noted that Aqua CC plans to book the RIB land to plant in service, as the Company expects the land may be utilized within the next five years as the number of connected customers grows.²² Staff recommended, however, that the Commission direct Aqua CC to account for the RIB land as plant held for future use and defer any ratemaking decision on whether the land should be included in rate base.²³

Fourth, the Staff Report noted that the Developer Agreement payments may increase total rate base. Accordingly, Staff recommended that the Commission defer any ratemaking determination on the Developer Agreement payments until they actually occur and are potentially included in Aqua CC's cost of service in the context of a rate proceeding or compliance filing.²⁴

Staff also recommended that the Commission direct Aqua CC to seek Commission approval of any services or arrangements between Aqua CC and any affiliate pursuant to the Affiliates Act²⁵ prior to engaging in such services or arrangements.²⁶

Finally, Staff recommended that, with regard to future Utility Transfers Act applications, the Commission direct Aqua Virginia and its affiliates to: (1) include a definitive statement about the condition of the acquired utility's accounting books and records and the nature of Aqua Virginia's or its affiliate's reliance on such records to negotiate the purchase price and to account for the transfer; and (2) explain in any Report of Action ("Report") filed with the Commission any subsequent changes to its proposed accounting entries.²⁷

¹⁷ In addition, Senator Lynwood J. Lewis, Jr., 6th District, and Delegate Robert S. Bloxom, Jr., 100th District, filed comments on behalf of Captain's Cove customers, expressing concerns about the proposed Transfer, required installation of grinder pumps, and the transfer of additional land.

¹⁸ Staff Report at 5, 9.

¹⁹ *Id.* at 9.

²⁰ *Id.* at 10.

²¹ *Id.* See, e.g., *Joint Petition of Aqua Virginia Water Utilities, Inc., and St. Tammany Landing Property Owners Association, Inc., For approval of a transfer of utility assets, pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00039, 2013 S.C.C. Ann. Rept. 399, Order Granting Approval (Oct. 1, 2013); and *Joint Petition of Aqua Virginia, Inc., Aqua Virginia Water Utilities, Inc., Fox Run Water Co., Inc., and Moseley-Nash Enterprises, Inc., For approval of a transfer of utility assets, transfer of a certificate of public convenience and necessity, an affiliate arrangement, and proposed rates*, Case No. PUE-2011-00116, 2012 S.C.C. Ann. Rept. 325, Order (June 14, 2012).

²² Staff Report at 11.

²³ *Id.*

²⁴ *Id.* Staff notes that its recommendation is consistent with Staff's recommendations and the Commission's orders in Case Nos. PUE-2006-00013 and PUE-2014-00126. See *Joint Petition of Lake Holiday Estates Utility Company, Inc., Lake Holiday Country Club, Inc., and Aqua Lake Holiday Utilities, Inc., For authority to transfer utility assets and certificates of public convenience and necessity pursuant to the Utility Transfers Act and Utility Facilities Act*, Case No. PUE-2006-00013, 2006 S.C.C. Ann. Rept. 383, Order (Nov. 27, 2006); *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, Doc. Con. Cen. No. 150610193, Order Granting Approval (June 3, 2015).

²⁵ Va. Code §§ 56-76 *et seq.*

²⁶ Staff Report at 12.

²⁷ *Id.* at 13. The Staff Report recommended that this regulatory requirement supersede the similar requirement directed by the Commission in Ordering Paragraph (5) of its June 3, 2015 Order Granting Approval in Case No. PUE-2014-00126. 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, Doc. Con. Cen. No. 150610193, Order Granting Approval (June 3, 2015).

On June 30, 2015, the Joint Petitioners filed their Response ("Response") to the Staff Report. The Joint Petitioners disagreed with Staff's recommendation regarding the UPAA. The Joint Petitioners asserted that the record supports a finding that the proposed purchase is being made prudently for the benefit of the utility and its customers, given the "substantial benefit to customers of the capital improvements to the Systems which the proposed transaction will provide," as well as the expertise, resources and other benefits Aqua CC offers to customers.²⁸ The Joint Petitioners stated further that the investigation and review of Aqua CC's proposed rates should be more appropriately timed to correspond to the Company's next application for a rate increase for the Systems, which may occur more than a year after closing in this matter.²⁹

The Joint Petitioners also disagreed with Staff's recommendation regarding the Developer Agreement payments, and stated that the Commission should approve such payments, as fair and reasonable.³⁰ The Joint Petitioners stated that the average rate base per customer would not increase as a result of the Developer Agreement payments, as "[t]he payments of \$3,000 exactly match the \$3,000 connection fee that is representative of the actual cost incurred to install each connection...[and] [t]he sum of the total payments, by contract, will not exceed the total amount paid to install such services plus the time-value of money."³¹

Finally, the Joint Petitioners denied the relevancy of the "prior situations" underlying Staff's recommendation regarding future Aqua Virginia utility acquisition applications, but agreed to maintain the records requested by Staff.³²

On June 30, 2015, Aqua CC and Aqua Virginia filed a Motion for Interim Affiliate Authority ("Motion"). According to the Motion, Aqua CC will receive certain management, technical and professional services from Aqua Virginia and its affiliates upon closing of the proposed transfer. Aqua CC and Aqua Virginia therefore request authority for Aqua CC to receive services from Aqua Virginia and other affiliates in the manner and under terms substantively identical to those by which Aqua Virginia affiliate Aqua Presidential, Inc., receives such services as described in the Affiliate Agreement approved by the Commission on November 4, 2013,³³ and the Tax Allocation Agreement approved November 21, 2014.³⁴ The Motion requests further that such interim authority continue from the date of closing until the Commission approves an application to amend the relevant existing affiliate agreements or a separate written affiliate agreement governing Aqua CC, with such application to be filed within 30 days after closing.³⁵

NOW THE COMMISSION, having considered this matter, is of the opinion and finds 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 herein.

With regard to the UPAA, Staff noted that the Systems' future capital requirements are extensive.³⁶ As the exact book value of the Systems' Assets at the time of closing, and likewise any acquisition adjustment, will not be known until Aqua CC files its Report with the Commission, we adopt Staff's recommendation that a determination of the reasonableness of the UPAA not be made at this time.

We also adopt Staff's recommendation that the proposed rates be implemented on an interim basis, subject to refund. Since the Seller's last cost of service study was done approximately five years ago, we agree with Staff's recommendation that the reasonableness of the proposed rates be examined after one year of service under Aqua CC's ownership.³⁷ Staff further noted that Aqua CC estimates that both water and wastewater rates may increase by 20% to 25% in the future, based on planned capital expenditures alone.³⁸ We also adopt Staff's recommended accounting treatment for the RIB land purchase, which was not opposed by the Joint Petitioners.

With regard to the proposed Developer Agreement payments, the exact cost of the forcemain installation, and the eventual impact on rate base, is not yet known. Accordingly, as recommended by Staff, we will defer any ratemaking determination on the Developer Agreement payments.

²⁸ Response at 3-4.

²⁹ *Id.* at 5.

³⁰ *Id.* at 7.

³¹ *Id.* at 6-7.

³² *Id.* at 8.

³³ *Joint Application of Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc., Aqua Presidential, Inc., and Aqua Virginia, Inc., For approval of a services agreement, pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2013-00087, 2013 S.C.C. Ann. Rept. 445, Order Granting Approval (Nov. 4, 2013).

³⁴ *Application of Aqua Virginia, Inc., Aqua Presidential, Inc., and Aqua America, Inc., To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2014-00079, 2014 S.C.C. Ann. Rept. 478, Order Granting Authority (Nov. 21, 2014).

³⁵ Motion at 3.

³⁶ Staff Report at 9.

³⁷ *Id.* at 10.

³⁸ *Id.*

We also find that the transfer of the Seller's CPCN to Aqua CC should be approved. We further find that the Motion for Interim Affiliate Authority should be granted.³⁹

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, Aqua CC and Captain's Cove are hereby granted approval of the transfer of the Systems, subject to the requirements ordered herein.

(2) Pursuant to § 56-265.3 D of the Code, the transfer of Captain's Cove's CPCN to Aqua CC is hereby approved.

(3) Within ninety (90) days of completing the proposed transfers, the Joint Petitioners shall file a Report with the Commission. Included in the Report shall be the date of the transfer, the actual total sales price, and the actual accounting entries on Aqua CC's books to reflect the transfer. Such accounting entries shall be in accordance with the Uniform System of Accounts ("USOA"), which includes booking any difference between the purchase price and the net book value of the Assets as an acquisition adjustment to Account 114.

(4) Captain's Cove shall provide all records, including any source documentation supporting the original cost of the Assets and connection fees related to the transferred Assets, to Aqua CC at closing, and Aqua CC shall maintain them henceforth in accordance with the USOA.

(5) For any future utility transfers, Aqua Virginia or its affiliates shall (i) include a definitive statement about the condition of the acquired utility's accounting books and records and the nature of Aqua Virginia's or its affiliate's reliance on such records to negotiate the purchase price and to account for the transfer; and (ii) explain any subsequent changes to its proposed accounting entries in its Report to the Commission. This requirement shall supersede the requirement directed by the Commission in Ordering Paragraph (5) of its June 3, 2015 Order Granting Approval in Case No. PUE-2014-00126.⁴⁰

(6) Upon closing of the proposed transfer of Assets, Aqua CC shall be allowed to implement its proposed rates for the Water and Wastewater Systems on an interim basis subject to refund with interest. Aqua CC shall also keep separate accounting records for each of the Systems, and file with the Commission a balance sheet, a 12-month income statement, a rate of return statement, and, if available, a federal tax return for each System within ninety (90) days following the first full year of Aqua CC's ownership of the Systems ("Compliance Filing").

(7) Aqua CC shall track and quantify to the extent possible all of the benefits (both qualitative and quantitative) customers receive under its ownership of the Systems. Aqua CC shall also provide full support and documentation of any requested acquisition adjustment it proposes to include in its cost of service. Aqua CC shall include such information with its Compliance Filing.

(8) Upon receiving the Compliance Filing, Staff shall review the financial statements and conduct an investigation of: (i) the Systems' cost of service; and (ii) the reasonableness of the proposed rates for the Water and Wastewater Systems. Staff shall summarize its findings of such investigation in a report filed with the Commission.

(9) Within thirty (30) days after closing, Aqua CC shall file an application pursuant to the Affiliates Act for Commission approval of any services or arrangements between Aqua CC and Aqua Virginia or any other affiliates.

(10) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the transfer, nor does it include any ratemaking decision on any acquisition adjustment recorded as a result of the proposed transfer.

(11) The Commission hereby defers any ratemaking decision on the proposed RIB land purchase payments, and directs Aqua CC to account for the RIB land as plant held for future use until directed otherwise.

(12) The Commission hereby defers any ratemaking decision on the proposed Developer Agreement payments until such time as they actually occur and are potentially includable in Aqua CC's cost of service in the context of a rate proceeding. Upon notification by Aqua CC that a Developer Agreement payment has been made, the Staff is directed to develop and provide accounting guidance to Aqua CC so that appropriate data is available for consideration in the required Compliance Filing or in future rate proceedings.

³⁹ We note that the interim authority granted herein is consistent with such authority granted in previous cases. See e.g., *Joint Petition of REE Va, Inc., and Po River Water and Sewer Company, For approval of a transfer of stock*, Case No. PUE-2014-00112, Doc. Con. Cen. No. 150420156, Order Granting Approval (April 23, 2015); *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); *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00067, Doc. Con. Cen. No. 130810384, Order Extending Time for Review and Granting Interim Authority (Aug. 9, 2013); and *Joint Application of Atmos Energy Corporation and Atmos Energy Marketing, LLC, For authority to enter into a Gas Purchase Agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq.*, Case No. PUE-2010-00128, 2010 S.C.C. Ann. Rept. 626, Order on Motion for Interim Authority (Oct. 29, 2010).

⁴⁰ *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, Doc. Con. Cen. No. 150610193, Order Granting Approval (June 3, 2015).

(13) Aqua CC shall ensure that:

- (a) The quality of service in the Seller's service territory shall not deteriorate due to a lack of maintenance or capital investment;
- (b) The quality of service in the Seller's service territory shall not deteriorate due to a reduction in the number of employees providing services; and
- (c) Aqua CC shall continue to maintain a high degree of cooperation with the Commission Staff and shall take all actions necessary to ensure Aqua CC's timely response to Staff inquiries with regard to its provision of water and wastewater services in Virginia.

(14) Within sixty (60) days from the date of this Order Granting Approval, Aqua CC shall file revised tariff sheets incorporating the granting of the transfer of the Systems to Aqua CC with the Clerk of the Commission and the Commission's Division of Energy Regulation in accordance with this Order Granting Approval. 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>.

(15) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00016
MARCH 20, 2015**

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

ORDER GRANTING APPROVAL

On February 5, 2015, Virginia Natural Gas, Inc. ("VNG"), and Sequent Energy Management, L.P. ("Sequent") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") to request approval of a revised Asset Management and Agency Agreement ("AMAA") and revised Gas Purchase and Sale Agreement ("GPSA") (collectively, "2016 Agreements")¹ pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").² The Applicants also filed a motion for a protective order ("Motion") to prevent public disclosure of the confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

VNG is a Virginia public service company providing local distribution natural gas service to approximately 284,000 residential, commercial, and industrial customers in the Hampton Roads area of southeastern Virginia. Sequent, headquartered in Houston, Texas, provides asset management and optimization, storage, transportation, producer and peaking services and wholesale marketing of natural gas across the U.S. and Canada. VNG and Sequent are wholly owned subsidiaries of AGL Resources, Inc., an energy services holding company based in Atlanta, Georgia.

The proposed 2016 Agreements provide for Sequent to operate as agent on VNG's behalf to manage VNG's physical gas supply, transportation, and storage contracts ("collectively, "Assets") to: (1) meet VNG's firm full gas supply requirements, and (2) financially optimize VNG's Assets when they are not being used to serve native load. The Applicants represent that VNG lacks the staffing and infrastructure to procure its native load gas supply and optimize its Assets on a stand-alone basis, and that Sequent possesses the experience and expertise to provide these services on a cost-effective basis. The Applicants have operated under several versions of the AMAA and GPSA since 2000.³ The proposed 2016 Agreements include two changes to the current value sharing mechanism and extend the AMAA and GPSA for two years, from April 1, 2016, through March 31, 2018.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that the proposed 2016 Agreements are in the public interest and should be approved subject to the currently operative requirements set forth in Staff's Action Brief filed in public redacted and confidential versions contemporaneously with this Order. The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.⁴

¹ The proposed AMAA and GPSA are collectively referred to as the 2016 Agreements because they do not commence until April 1, 2016.

² Va. Code § 56-76 *et seq.*

³ 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); 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-2011-00089, 2011 S.C.C. Ann. Rept. 532, Order Granting Approval (Oct. 25, 2011).

⁴ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information contained in the 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.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the 2016 Agreements subject to the requirements set forth herein.
- (2) The approval granted herein shall extend from April 1, 2016, through March 31, 2018, the expiration date of the 2016 Agreements. Should VNG wish to continue the AMAA and GPSA beyond that date, further Commission approval shall be required.
- (3) The currently operative requirements, as set forth in Staff's Action Brief, shall be herein readopted for the 2016 Agreements.
- (4) The approval granted herein shall have no ratemaking implications. In particular, the approval granted in this case should not guarantee the recovery of any costs directly or indirectly related to the 2016 Agreements.
- (5) Commission approval shall be required for any changes in the terms and conditions of the 2016 Agreements, including any successors and assigns.
- (6) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.
- (7) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.
- (8) VNG shall file executed copies of the approved 2016 Agreements within thirty (30) days after the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").
- (9) VNG shall include the transactions associated with the 2016 Agreements in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director.
- (10) In the event that VNG's annual informational filings or general or expedited rate filings are not based on a calendar year, then VNG shall include the affiliate information contained in its ARAT in such filings.
- (11) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00017
JUNE 5, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to amend its SAVE Plan pursuant to § 56-604 B of the Code of Virginia

ORDER

On February 6, 2015, in accordance with 5 VAC 5-20-80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission") and § 56-604 B of the Code of Virginia ("Code"), a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act ("SAVE Act"), Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the Commission for approval of amendments to its SAVE Plan, which the Commission first approved in Case No. PUE-2010-00087¹ ("Approved SAVE Plan") and modified in its Order Approving Amended SAVE Plan in Case No. PUE-2012-00096.² In this Application for an amended SAVE Plan, WGL proposes to increase its Virginia SAVE Plan expenditures for the period January 1, 2015, to December 31, 2017 ("Period"), by approximately \$75.2 million, for a total of \$194.4 million for the Period, for the expansion of the scope of certain of its Approved SAVE Plan programs and implementation of new programs.³

The Company proposes to recover its anticipated expenditures through a monthly rider on customers' bills⁴ as required by § 56-604 A of the SAVE Act.

In its Application, WGL proposes changes to five programs in its Approved SAVE Plan. Additionally, the Company seeks approval of proposed new programs to address remediation of facilities on its distribution system and replacement of facilities and infrastructure on the Company's transmission system. In its Application, WGL forecasts incremental expenditures of \$46.1 million for the distribution replacement pipe programs and \$29.1 million for the transmission system replacement programs. In this proceeding, the Company proposes to calculate incremental factors to be added to the calendar year

¹ *Application of Washington Gas Light Company, For approval of a SAVE plan and rider as provided by Va. Code § 56-604, Case No. PUE-2010-00087, 2011 S.C.C. Ann. Rept. 345, Order Approving SAVE Plan and Rider (April 21, 2011).*

² *Application of Washington Gas Light Company, For authority to amend its SAVE Plan pursuant to § 56-504 B of the Code of Virginia, Case No. PUE-2012-00096, 2012 S.C.C. Ann. Rept. 502, Order Approving Amended SAVE Plan (Nov. 15, 2012).*

³ Application at 5-6.

⁴ *Id.* at 11.

2015 SAVE factors currently in place ("Incremental Factor").⁵ The revenue requirement for the Incremental Factor requested by WGL to be recovered over the period of July – December 2015 is \$648,885.⁶

The Company states that expenditures for SAVE Plan programs will continue to be capped at 105% of the total SAVE Plan approved amount and annual expenditures will not exceed 125% of the amount approved for each year as the Commission's Order in Case No. PUE-2010-00087 requires.⁷

On February 20, 2015, 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 Company's Application, file notices of participation, or request a hearing on the Application; and required the Staff to investigate the Application and file a report ("Report" or "Staff Report") containing its findings and recommendations.

On March 18, 2015, the Company provided proof of its notice to the public, and on April 10, 2015, Frederick County filed comments on the Application.

The Staff filed its Report along with a Motion to Strike ("Motion") on April 30, 2015. In its Motion, the Staff requested that the Commission strike the Shallow Main Project⁸ and the Strip 1 Project⁹ from the Company's Application. In its Report, the Staff recommended approval of the remaining projects proposed by the Company in its Application. Excluding the Shallow Main Project and the Strip 1 Project, the revenue requirement recommended by Staff for the Incremental Factor for the six-month period ending December 31, 2015, is \$358,026.¹⁰

The Company filed its comments to the Staff Report on May 8, 2015, and its Response to the Staff Motion on May 14, 2015. The Staff filed its Reply to the Company's Response on May 18, 2015.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that WGL's Application: (1) is denied as filed; and (2) is approved as set forth, and subject to the requirements, in this Order.

Code of Virginia

Section 56-603 of the Code includes the following definitions:

"Eligible infrastructure replacement" means natural gas utility facility replacement projects that: (i) enhance safety or reliability by reducing system integrity risks associated with customer outages, corrosion, equipment failures, material failures, or natural forces; (ii) do not increase revenues by directly connecting the infrastructure replacement to new customers; (iii) reduce or have the potential to reduce greenhouse gas emissions; (iv) are commenced on or after January 1, 2010; and (v) are not included in the natural gas utility's rate base in its most recent rate case using the cost of service methodology set forth in § 56-235.2, or the natural gas utility's rate base included in the rate base schedules filed with a performance-based regulation plan authorized by § 56-235.6, if the plan did not include the rate base.

"Natural gas utility facility replacement project" means the replacement of storage, peak shaving, transmission or distribution facilities used in the delivery of natural gas, or supplemental or substitute forms of gas sources by a natural gas utility.

The SAVE Act states that the Commission "may approve such a plan," and, if denied, the Commission "shall set forth with specificity the reasons for such denial."¹¹ Accordingly, the Commission sets forth as follows.

The Commission finds as a matter of fact that the Strip 1 Project is not appropriate for inclusion as part of the Company's SAVE Plan because it is not a replacement project. The SAVE Act applies to "replacement" projects. The Strip 1 Project is not replacing existing facilities with new facilities in the same location. Rather, the Strip 1 Project involves installation of a new pipeline along a completely different, and longer, route than the existing pipeline. In addition, the existing pipeline is not being replaced, but is being repurposed for use as a distribution line. The Commission finds that this new

⁵ Direct Testimony of Company witness R. Andrew Lawson at 5.

⁶ In its Application, the Company's proposed revenue requirement was \$671,287. See *Application at 11*. However, Staff corrected an error in the Company's 13-month average of accumulated depreciation calculation, which produced a corrected revenue requirement of \$648,885. See *Staff Report at 7*. In its Comments filed on May 8, 2015, the Company agreed with Staff's correction of the computation of the 13-month average of accumulated depreciation. See *Comments at 3*.

⁷ Application at 10.

⁸ See *id.* at 3-4. The Shallow Main Project is part of the Company's proposed new Program 8. Through the Shallow Main Project, the Company proposes to replace shallow main when it is discovered during the Company's meter set survey. According to the Company, shallow main is piping that is discovered to not be at the desired depth consistent with best practices. The Company has identified one replacement project for 2015. The 2015 project consists of 8,000 feet of main and 500 affected services that will be replaced at a projected cost of \$4,100,000. The Company anticipates replacement of an additional 500 feet of shallow main per year from 2016 through 2024. According to the Company, the ten-year cost is estimated to be \$5,640,000 for remediation of approximately 15,000 feet of pipe and 500 affected services. See Direct Testimony of Company Witness Melton A. Huey at 12-13.

⁹ See Application at 8-9. The Strip 1 Project is part of the Company's proposed new Transmission Program 1.

¹⁰ Staff Report at 13.

¹¹ Section 56-604 B of the Code.

pipeline expansion along a new route is not a "replacement" project that should be included in the Company's SAVE Plan. We conclude that it is reasonable at this time to limit WGL's SAVE Plan to replacement of existing facilities in the same location, and that this finding is not prohibited by the SAVE Act.

Next, the Commission also finds, as a matter of fact, that WGL has not established in this proceeding that the Shallow Main Project will "enhance safety or reliability by reducing system integrity risks" by lowering the depth of the main, as required under the definition of "Eligible infrastructure replacement" in § 56-603 of the Code. That is, we conclude that the Company has not presented sufficient data in this record to establish that solely adjusting the depth of these facilities factually satisfies the requirement of the SAVE Act.¹² This finding, however, is based on the current record and does not preclude WGL from presenting additional evidence in a future proceeding if it subsequently seeks SAVE Plan treatment for shallow main replacement projects.¹³

Furthermore, we emphasize that by denying SAVE Plan treatment for the Strip 1 and Shallow Main Projects, we affect only the method of recovery of the prudently incurred costs of these and other projects which fall outside of the SAVE Act. That is, WGL should pursue those projects that it determines are necessary for compliance with the Commission's minimum pipeline safety standards and the sound and safe operation of its facilities.¹⁴ WGL may seek appropriate recovery of its reasonable costs (including a reasonable return on capital) through base rates for such projects.

Finally, the Commission approves the remaining portions of the Company's Application.

Accordingly, IT HEREBY IS ORDERED THAT:

- (1) The Application, as filed, is denied.
- (2) The Application is approved as set forth herein and subject to the requirements in this Order.
- (3) WGL shall forthwith file with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariffs and terms and conditions of service for the Incremental Factor, with workpapers supporting the revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order.
- (4) Staff's Motion to Strike is dismissed as moot.
- (5) This matter is dismissed.

¹² In addition, we further find that the parameters of the proposed Shallow Main Project are not reasonably limited nor defined as to be appropriate for inclusion in the SAVE Plan.

¹³ This does not relieve the Company of its obligation to comply with the Commission's minimum pipeline safety standards. *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

¹⁴ We do not rule herein on whether the Strip 1 Project would require a certificate of public convenience and necessity or pre-determine the outcome of such a proceeding.

**CASE NO. PUE-2015-00019
MARCH 2, 2015**

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 2015-2016 FUEL FACTOR PROCEEDING

On February 13, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to decrease its levelized fuel factor by \$0.00132 per kilowatt-hour ("kWh") from \$0.03052 per kWh to \$0.02920 per kWh, effective for service rendered on and after April 1, 2015 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$1.32 per month for a customer using 1,000 kWh a month. In addition, KU/ODP filed a Motion for a Protective Order to prevent public disclosure of confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice").

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that this matter should be docketed; that public notice and an opportunity for participation in this proceeding should be given; and that a hearing should be scheduled to consider the Company's Application. The Commission finds that the proposed fuel factor should take effect for service rendered on and after April 1, 2015, on an interim basis and subject to modification by further order of the Commission. We also will direct the Staff of the Commission ("Staff") to investigate the Application and to present the results of its investigation in testimony and exhibits. Finally, we find that a Hearing Examiner should be appointed to conduct all further proceedings on behalf of the Commission and to file a report containing the Hearing Examiner's findings and recommendations.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2015-00019.
- (2) The proposed leveled fuel factor shall take effect for service provided on and after April 1, 2015, on an interim basis and subject to modification by further order of the Commission.
- (3) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 A of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a report containing the Hearing Examiner's findings and recommendations.
- (4) A public hearing shall be convened on April 29, 2015, at 1:30 p.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence related to the establishment of KU/ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning the Application need only appear in the Commission's Second Floor Courtroom at 1:15 p.m. on the day of the hearing and contact the Bailiff.
- (5) The Company shall forthwith make copies of the public version of its Application, written testimony, and exhibits available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Interested persons may review a copy of KU/ODP's Application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons may request a copy of the Application, at no charge, by written request to counsel for KU/ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. Upon request, KU/ODP shall make available an electronic copy of its Application. In addition, unofficial copies of the Company's Application, Commission Orders entered in this docket, the Commission's Rules of Practice, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before March 23, 2015, KU/ODP shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF 2015-2016 FUEL FACTOR PROCEEDING FOR
KENTUCKY UTILITIES COMPANY D/B/A OLD DOMINION POWER COMPANY
CASE NO. PUE-2015-00019

On February 13, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to decrease its leveled fuel factor by \$0.00132 per kilowatt-hour ("kWh") from \$0.03052 per kWh to \$0.02920 per kWh, effective for service rendered on and after April 1, 2015 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$1.32 per month for a customer using 1,000 kWh a month.

The proposed decrease in the fuel factor will take effect for service rendered on and after April 1, 2015, on an interim basis and subject to modification by further order of the Commission.

The Commission has scheduled a public hearing before a Hearing Examiner to commence at 1:30 p.m. on April 29, 2015, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving testimony from members of the public and evidence related to the establishment of KU/ODP's fuel factor. Any person desiring to make a statement at the public hearing concerning KU/ODP's Application need only appear in the Commission's Second Floor Courtroom at 1:15 p.m. on the day of the hearing and contact the Bailiff.

The public version of the Company's Application, written testimony and exhibits are available for public inspection during regular business hours at the Company's business offices in the Commonwealth of Virginia. Interested persons also may review a copy of the Application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. A copy of the Company's Application may be obtained by written request to counsel for KU/ODP, Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202-2828. In addition, unofficial copies of the Company's Application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

Any person may participate as a respondent in this proceeding by filing a notice of participation on or before April 8, 2015. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation also shall be served on counsel to the Company at the address set forth above. Interested parties should obtain a copy of the Commission's Order Establishing 2015-2016 Fuel Factor Proceeding for further details on participation as a respondent.

On or before April 8, 2015, each respondent may file with the Clerk of the Commission, and serve the Company, Staff, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits

shall be filed with the Clerk of the Commission at the address set forth above. All filings shall reference Case No. PUE-2015-00019.

On or before April 22, 2015, any interested person desiring to comment on KU/ODP's Application may do so by submitting such comments in writing to the Clerk of the Commission at the address set forth above. Any interested person desiring to submit comments electronically may do so by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall reference Case No. PUE-2015-00019.

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

(7) On or before March 23, 2015, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(8) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in Ordering Paragraphs (6) and (7) of this Order.

(9) Any person desiring to comment on the Company's Application may do so by submitting such comments in writing, on or before April 22, 2015, to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any person desiring to file comments electronically may do so on or before April 22, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall reference Case No. PUE-2015-00019.

(10) Any person may participate as a respondent in this proceeding by filing a notice of participation on or before April 8, 2015. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9), and a copy shall be served on counsel to the Company at the address set forth in Ordering Paragraph (5). Pursuant to 5 VAC 5-20-80 B of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall reference Case No. PUE-2015-00019.

(11) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon such respondent a copy of this Order, a copy of the Application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(12) On or before April 8, 2015, each respondent may file with the Clerk of the Commission, any testimony and exhibits by which the respondent expects to establish its case and shall serve copies of the testimony and exhibits on counsel to the Company, the Staff, and all other respondents. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(13) The Staff shall investigate the reasonableness of the Company's estimated fuel expenses and proposed fuel factor. On or before April 15, 2015, the Staff shall file its testimony and exhibits with the Clerk of the Commission.

(14) On or before April 22, 2015, the Company shall file with the Clerk of the Commission any rebuttal testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Staff, and shall on the same day serve a copy on the Staff and each respondent. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(15) The Company and all respondents shall respond to written interrogatories and requests for production of documents within seven (7) calendar days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

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

CASE NO. PUE-2015-00019
JUNE 11, 2015

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 13, 2015, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia, its application, written testimony, and exhibits proposing to decrease its levelized fuel factor by \$0.00132 per kilowatt-hour ("kWh") from \$0.03052 per kWh to \$0.02920 per kWh, effective for service rendered on and after April 1, 2015 ("Application"). According to KU/ODP, the proposed fuel factor represents a decrease of \$1.32 per month for a customer using 1,000 kWh per month.

On March 2, 2015, the Commission entered an Order Establishing 2015-2016 Fuel Factor Proceeding that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's Application for April 29, 2015; (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, 2015. On March 9, 2015, the Hearing Examiner issued a ruling granting a Motion to Amend Procedural Schedule filed by KU/ODP, which, among other things, rescheduled the hearing to May 27, 2015; adjusted the pre-hearing filing deadlines; and revised the required notice to be given by the Company.

On April 28, 2015, the Commission Staff ("Staff") filed testimony documenting that the Staff had reviewed KU/ODP's testimony and exhibits and concluded that the Company's projected Virginia jurisdictional fuel expenses and sales for the forecast period were reasonable. The Staff also concluded that an update to the Company's actual net fuel recovery results through March 31, 2015, showed that a further reduction to the fuel factor was warranted. Accordingly, Staff recommended a revised fuel factor of \$0.02863 per kWh. The Staff's proposed revised fuel factor would reduce the monthly bill of a residential customer using 1,000 kWh per month by \$1.89, as compared to the \$1.32 reduction resulting from the fuel factor proposed by KU/ODP for the same customer.

On May 5, 2015, the Company filed a letter indicating that it would not file rebuttal testimony or have cross-examination for the Staff and requesting that the Commission approve the Staff's proposed revised fuel factor of \$0.02863 per kWh.

The hearing on KU/ODP's Application was convened on May 27, 2015. No public witnesses appeared, and no comments from the public have been received. Pursuant to an agreement of counsel, the Company's Application, testimony, and exhibits and the Staff's testimony and exhibits were entered into the record without cross-examination. On June 2, 2015, the Report of Michael D. Thomas, Hearing Examiner ("Report"), was issued. In this Report, Hearing Examiner Thomas reviewed in detail the testimony and exhibits presented by KU/ODP and the Staff. The Hearing Examiner found that the evidence in the record supported the Staff's recommended revised fuel factor of \$0.02863 per kWh and recommended that the Commission approve the revised fuel factor for service rendered on and after July 1, 2015.

On June 3, 2015, KU/ODP filed its response to the Hearing Examiner's Report advising that the Company would not file comments and requesting that the Commission issue an Order accepting the recommendations of the Hearing Examiner. The Staff filed a response on June 4, 2015, supporting adoption of the Hearing Examiner's findings and recommendations.

NOW THE COMMISSION, upon consideration of the record in this case, the Report of the Hearing Examiner, and the applicable law, is of the opinion and finds that the Hearing Examiner's findings and recommendations should be adopted. Accordingly, we find that a decrease in the Company's fuel factor to \$0.02863 per kWh is reasonable and appropriate. This rate is approved and shall be effective for service rendered on and after July 1, 2015, pending further order of the Commission.

However, our approval of the fuel factor should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order Establishing Fuel Factor is final, as this matter is continued generally pending Staff's audit of actual fuel expenses and the Commission's entry of a final order addressing the Company's fuel recovery position. Should the Commission find that (1) any component of KU/ODP's actual fuel expenses or credits has been inappropriately included or excluded, or (2) KU/ODP has failed to make every reasonable effort to minimize fuel costs or has made decisions resulting in unreasonable fuel costs, KU/ODP's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of KU/ODP's next fuel factor proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner shall be and hereby are adopted.
- (2) The proposed revised fuel factor of \$0.02863 per kWh, effective for service rendered on and after July 1, 2015, is approved.
- (3) This case is continued generally.

**CASE NO. PUE-2015-00020
MARCH 16, 2015**

APPLICATION OF
AQUA VIRGINIA, INC.

For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On February 19, 2015, 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")¹ for authority to issue long-term debt securities to its parent, Aqua America, Inc. ("Aqua America")². Aqua America is an affiliate pursuant to Chapter 4 of the Code.

¹ Va. Code § 56-55 *et seq.*

² In Case No. PUE-2014-00078, the Commission approved an affiliate agreement that allowed Aqua America to provide Aqua Virginia capital structure management.

Aqua Virginia proposes to issue promissory notes ("Notes") up to the aggregate principal amount of \$35,000,000 from time to time through December 31, 2015. The proceeds from the issuance of the Notes may be used to retire existing debt and/or securities and to purchase and construct additional property and facilities.

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) Aqua Virginia is hereby authorized under Chapter 3 of the Code to issue up to an aggregate principal amount of \$35,000,000 of Notes from time to time through December 31, 2015, for the purposes and under the terms and conditions set forth in the Application.

(2) 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.

(4) Aqua Virginia's Final Report of Action shall be due on or before March 1, 2016, 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. PUE-2015-00021
SEPTEMBER 14, 2015**

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

FINAL ORDER

On March 13, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its Application for Approval and Certification of the Tazewell-Bearwallow 138 kilovolt ("kV") Transmission Line Rebuild Project ("Application") under Title 56 of the Code of Virginia ("Code"). Exhibits, direct testimony, and a DEQ Supplement were also filed with the Application.

According to the Application, APCo requests Commission approval of the Virginia portion of its proposed Tazewell-Bearwallow 138 kV Transmission Rebuild Project which is to be located partly in Tazewell County, Virginia, and partly in McDowell County, West Virginia.¹ APCo states that the Tazewell-Bearwallow 138 kV Transmission Rebuild Project consists generally of (a) an approximately 12.5 mile long rebuild of an existing 69 kV transmission line to 138 kV, approximately 7.8 miles of which will be located in Virginia, and approximately 4.7 miles of which will be located in West Virginia; and (b) associated substation improvements at APCo's existing Tazewell and Bearwallow Substations in Virginia, and its existing Faraday Substation in West Virginia, including buswork, switches and related equipment as well as an expansion of the upper yard at the Tazewell Substation (collectively, the "Rebuild"; the Virginia portion thereof, the "Project").² APCo proposes an in-service date of the summer of 2017 and requests expedited consideration to the extent permitted by law.³ The Company estimates that it will take approximately 24 months for engineering, design, right-of-way acquisition, permitting, material procurement and construction, and cost approximately \$38 million.⁴

According to the Company, the Rebuild is part of the Company's comprehensive program to address significant reliability concerns associated with elements of its aging subtransmission system serving customers in Tazewell County, Virginia, and McDowell County, West Virginia, which areas together comprise a peak load of 92 MW, representing over 13,000 customers.⁵ The Company states that the Rebuild, in combination with other

¹ Application at 1.

² *Id.*

³ *Id.* at 3.

⁴ *Id.*; Pre-filed testimony of Evan R. Wilcox at 5.

⁵ Pre-filed testimony of Evan R. Wilcox at 3; Executive Summary at vii.

components of the comprehensive program, would: (1) address reliability concerns identified in the affected load area in Tazewell County, Virginia, and McDowell County, West Virginia; (2) improve the capacity of the transmission system in the affected load area to accommodate future load growth; (3) allow for future expansion of the local area transmission system; and (4) provide the flexibility necessary to accommodate outages needed to implement future improvements and routine maintenance of transmission and subtransmission facilities.⁶ The Company further states that under projected summer 2017 peak loading conditions, thermal overloads and unacceptable voltage deviations are predicted to occur within the affected load area under certain circumstances absent the construction of the Rebuild, including the Project.⁷

The Company proposes to construct the Project within a 100-foot right-of-way ("ROW") to be located within a 500-foot corridor in order to have the flexibility to shift the centerline of the 100-foot ROW of the transmission line up to 200 feet in either direction from the centerline shown in the Application to address issues that become evident only after completion of final engineering, ground surveys, and interviews with landowners.⁸ The Company states the ROW may need to be wider than 100 feet in a few locations, but except for a few instances involving steep terrain and very long spans, the ROW typically would not exceed 125 feet wide.⁹

According to the Application, because the Project will be a rebuild of an existing APCo 69 kV transmission line to 138 kV, the majority of the Project will be constructed on ROW already acquired by APCo; however, some supplemental and new ROW will be necessary.¹⁰ The Company has identified three discrete route refinements in Virginia that depart from the existing 69 kV ROW for a total of 0.70 miles, which were developed to accommodate landowner requests and constructability concerns.¹¹ In addition, the Company states that there may be other minor deviations from the existing ROW based on the results of final surveys, line design, and ROW negotiations.¹²

According to the Application, the transmission line structure types will be determined during final engineering, but the Company anticipates utilizing tubular steel pole structures, primarily using H-Frame and 3-Pole structures, with single circuit monopole structures used sparingly.¹³ The Company represents that the typical existing 69 kV structure is approximately 55 feet tall and located within a 60-foot ROW, whereas the proposed 138 kV structures are, on average, approximately 85 feet tall, and to be located within a 100-foot ROW.¹⁴ The Company noted that due to more efficient line design and construction, there will be approximately 45 new transmission line structures compared to the 75 structures associated with the existing 69 kV line in Virginia.¹⁵

According to the Company's Application, after assessing the suitability of using the existing Tazewell-Bearwallow 69 kV ROW, the Company concluded that given the extensive use of existing ROW for the Project, there are no economically or environmentally viable alternative routes.¹⁶

On April 20, 2015, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the Company to provide public notice of the Application; granted an opportunity for any interested person to request a hearing on the Application, file comments on the Application, or participate in this proceeding as a respondent by filing a notice of participation; and directed the Commission Staff ("Staff") to investigate the Application and file a report thereon ("Staff Report"). No notices of participation, requests for hearing, or public comments were received in this proceeding.

As noted in the Procedural Order, Staff requested that the Department of Environmental Quality ("DEQ") coordinate a review of the proposed Project by state and local agencies and file a report on the review. DEQ filed its report ("DEQ Report") with the Commission on June 3, 2015. The DEQ Report provides ten general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following recommendations regarding the Project. APCo should:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow the [DEQ's] recommendations to avoid and minimize impacts to wetlands and streams;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation ("DCR") Division of Natural Heritage regarding its recommendations to protect listed species and habitat as well as for updates to the Biotics Data System database if six months pass before the project is implemented;

⁶ Pre-filed testimony of Evan R. Wilcox at 4.

⁷ Response to Guidelines at 5-12.

⁸ Pre-filed testimony of Timothy B. Earhart, P.E., at 4-5.

⁹ *Id.* at 6.

¹⁰ Application at 2; Pre-filed testimony of Timothy B. Earhart, P.E., at 4-5.

¹¹ Pre-filed testimony of Timothy B. Earhart, P.E., at 5.

¹² *Id.*

¹³ *Id.* at 3-4.

¹⁴ *Id.* at 4.

¹⁵ *Id.*

¹⁶ *Id.* at 6.

- 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 wildlife resource and protected species;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendation for perpendicular river crossings and use of native plants to help maintain the Clinch River's scenic characteristics;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation for follow-up consultation;
- Coordinate with the Department of Transportation regarding its recommendation for early coordination in the planning, design, and construction process;
- Follow the principles and practices of pollution prevention to the maximum extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.¹⁷

Also on June 3, 2015, APCo filed proof of notice as required by the Commission's Procedural Order in this case.

On August 11, 2015, Staff filed its Staff Report summarizing the results of its investigation of the Company's Application. In the Staff Report, Staff identified several concerns with the Company's justification for the need for the Project set forth in the Application.¹⁸ In particular, according to the Application, the Project is needed to address potential service outages under the North American Electric Reliability Corporation's Category C3 conditions.¹⁹ However, Staff noted that the Company's transmission planning criteria, included in American Electric Power Service Corporation's Federal Energy Regulatory Commission Form No. 715 Part 4, provide that Category C3 planning conditions are only applicable to transmission lines greater than 100 kV and not to subtransmission lines, such as the 69 kV Tazewell-Bearwallow line seeking to be rebuilt in this case.²⁰

Notwithstanding these concerns, Staff recognized that the two sections of the existing Tazewell-Bearwallow 69 kV transmission line have either reached or are approaching the end of their useful life.²¹ Staff stated that the Company estimates the incremental cost of rebuilding the Tazewell-Bearwallow line at 138 kV compared to a 69 kV rebuild alternative to be approximately \$1 million.²² Staff explained that APCo has identified additional benefits of a 138 kV rebuild compared to a 69 kV alternative, including preventing a potential backfeed situation in the event the approved Jim Branch-Bearwallow 138 kV line is unavailable due to outage; strengthening the local 138 kV transmission system by creating a 138 kV loop between the Jim Branch and Tazewell 138 kV Substations; and increasing the capacity of the rebuilt line compared to a 69 kV alternative.²³ Staff concluded that the existing Tazewell-Bearwallow 69 kV line is approaching the end of its useful life and that both the proposed 138 kV Project and a 69 kV rebuild alternative would be viable options to resolve the need. Since the environmental impacts are similar for both options and the incremental cost is small, Staff did not oppose the Company's proposed 138 kV Project because it will provide additional benefits to the area transmission system when compared to the 69 kV rebuild alternative.²⁴

On August 25, 2015, APCo filed a response to the Staff Report ("Response"). In its Response, APCo states that the Company's proposal to rebuild the line at 138 kV is a superior alternative to meet the identified need and provides additional benefits not available with a 69 kV rebuild alternative.²⁵

APCo further states that while it concurs with many of the recommendations listed in the DEQ Report, it does object to two recommendations.²⁶ First, APCo objects to a recommendation made by the DGIF that the Company "[m]aintain naturally vegetated buffers of at least 100 feet in width around all on-site wetlands and on both sides of all perennial and intermittent streams, where practicable."²⁷ APCo contends that this recommendation may present safety and reliability risks due to the potential for vegetation and wire contact from tall tree growth.²⁸ Instead, APCo states that where reasonable and practical, it will utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within 50 feet of all year-round streams,

¹⁷ DEQ Report at 6-7.

¹⁸ Staff Report at 13-15.

¹⁹ *Id.* at 11 (citing Response to Guidelines at 5-6).

²⁰ *Id.*

²¹ *Id.* at 15-16.

²² *Id.* at 17.

²³ *Id.* at 17-18.

²⁴ *Id.* at 20.

²⁵ Response at 1.

²⁶ *Id.* at 2.

²⁷ *Id.* (citing DEQ Report at 20).

²⁸ *Id.*

ponds or wetlands, within 50 feet of road crossings, within 100 feet of water supply wells, and within 25 feet of karst features and outcrops of limestone or dolomite rock.²⁹

Second, APCo opposes the DGIF recommendation that it "[c]onduct significant tree removal and ground clearing activities outside of the primary songbird nesting season of March 15 through August 15."³⁰ According to APCo, this time-of-year restriction, except as may be necessary to accommodate federally or state protected threatened or endangered species, is unduly burdensome and impractical and could put system reliability at risk by adversely affecting the Company's ability to complete the Project in time to meet the desired in-service date.³¹ APCo asserts that the recommended restriction would also increase costs and raise worker safety concerns due to a greater likelihood of clearing occurring under adverse weather conditions during the non-summer months.³²

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that a certificate of public convenience and necessity should be issued authorizing the proposed Project, subject to the findings and conditions contained in this Final Order, and that the public convenience and necessity require that the Company construct, own, and operate the Project.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code. Section 56-265.2 A of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires the Commission to consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need

The proposed Project is a rebuild and upgrade of the existing Tazewell-Bearwallow 69 kV transmission line to 138 kV. It is undisputed that the existing Tazewell-Bearwallow line is approaching the end of its useful life and its replacement must be addressed in order to maintain continued reliability of service to the Company's customers in the Tazewell County load area.³³ We find, under the circumstances of this case, that the Company has sufficiently demonstrated the public need for the Project to be constructed at 138 kV. The small incremental cost difference and the similar environmental impacts³⁴ of the 138 kV Project compared to a 69 kV rebuild alternative, as well as the additional benefits of a 138 kV rebuild not available with a 69 kV rebuild alternative, factored into the Commission's finding of need in this case. In addition, we note the Public Service Commission of West Virginia has approved the West Virginia portion of the Rebuild at 138 kV.³⁵

²⁹ *Id.* APCo also states that maintaining a 100-foot buffer within the ROW would require taller and heavier transmission line structures and additional line length, which would unnecessarily increase Project costs and visual presence. *Id.* at 3.

³⁰ *Id.* at 3.

³¹ *Id.*

³² *Id.*

³³ Staff Report at 15-16.

³⁴ We note that the Company's current guidelines require a 100-foot ROW for both 69 kV and 138 kV using H-frame type construction in rural areas. *Id.* at 16. As a result, the existing 60-foot ROW would also need to be expanded if the line were rebuilt at 69 kV.

³⁵ *AEP West Virginia Transmission Company, Inc., Application for a certificate of convenience and necessity to install transmission facilities in McDowell County*, Case No. 14-0905-E-CN, Commission Order (Sept. 16, 2014).

Routing and Right-of-Way

The Project generally follows the existing route of the existing Tazewell-Bearwallow 69 kV line. The Company has identified three discrete route refinements in Virginia that depart from the existing 69 kV ROW for a total of 0.70 miles, which were developed to accommodate landowner requests and constructability concerns.³⁶ In addition, the existing ROW is approximately 60 feet wide and will be widened to approximately 100 feet in most locations, but may be wider in a few locations to ensure compliance with safety requirements.³⁷ As required by § 56-259 C of the Code, the Company sufficiently considered the feasibility of locating the Project "on, over, or under existing easements of rights-of-way."

Economic Development

We find that the proposed Project will promote economic development in the area of the Project as well as in the Commonwealth of Virginia by ensuring adequate and reliable electric service and to accommodate further growth in the affected load area.³⁸

Scenic Assets and Historic Districts

We find that the Project will have a minimal impact on scenic assets and historic districts consistent with § 56-46.1 B of the Code. Due to the extensive use of existing ROW by the proposed Project's, adverse impacts on scenic assets and historic districts in the region will be minimized as required by § 56-46.1 B of the Code.

Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

We find that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. However, the Commission conditions the approval granted herein on the conditions recommended in the DEQ Report, with certain exceptions. The Commission does not require APCo to: (i) maintain naturally vegetated buffers of at least 100 feet around wetlands or perennial and intermittent streams; or (ii) adhere to time-of-year restrictions when conducting tree removal and ground clearing activities.³⁹

Accordingly, IT IS ORDERED THAT:

(1) APCo is authorized to construct and operate the Project, as proposed in its Application, subject to the findings and conditions discussed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted, as provided for herein, and subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificate of public convenience and necessity to the Company:

Certificate No. ET-48f, which authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Tazewell County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00021; cancels Certificate No. ET-48e, issued to Appalachian Power Company on October 31, 2014, in Case No. PUE-2014-00040.

(4) The Commission's Division of Energy Regulation forthwith shall provide the Company copies of the certificate issued in Ordering Paragraph (3) with the detailed maps attached.

(5) 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.

(6) As there is nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

³⁶ Pre-filed testimony of Timothy B. Earhart, P.E., at 5.

³⁷ *Id.* at 6.

³⁸ *See, e.g.*, Staff Report at 18-19.

³⁹ The Commission has previously declined to require APCo to comply with similar recommendations in prior cases. *See, e.g., Application of Appalachian Power Company, For approval and certification of electric transmission facilities in Tazewell and Buchanan Counties: Richlands-Whitewood 138 kV Transmission Line Project*, Case No. PUE-2014-00040, 2014 S.C.C. Ann. Rept. 427, Final Order (Oct. 31, 2014); *Application of Appalachian Power Company, For a certificate of public convenience and necessity to construct and operate electric transmission facilities in Campbell County and the City of Lynchburg: South Lynchburg Area Improvements 138 kV Transmission Line Project*, Case No. PUE-2013-00126, 2014 S.C.C. Ann. Rept. 340, Final Order (June 24, 2014); *Application of Appalachian Power Company, For approval and certification of the Cloverdale-Lexington 500 kV Transmission Line Reconductoring Project under Title 56 of the Code of Virginia*, Case No. PUE-2013-00133, 2014 S.C.C. Ann. Rept. 353, Final Order (June 19, 2014); *Application of Appalachian Power Company, For a Certificate of Public Convenience and Necessity Authorizing Operation of the Falling Branch-Merrimac 138 kV Transmission Line*, Case No. PUE-2012-00007, 2012 S.C.C. Ann. Rept. 380, Order (Dec. 21, 2012).

**CASE NO. PUE-2015-00022
MARCH 12, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2015-2016 FUEL FACTOR PROCEEDING

On February 27, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking a decrease in its fuel factor from 3.018 cents per kilowatt-hour ("¢/kWh") to 2.406¢/kWh, effective for usage on and after April 1, 2015, on an interim basis.¹

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's proposed current period factor for Fuel Charge Rider A of 2.374¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.6 billion for the period July 1, 2015, through June 30, 2016. The Company's proposed prior period factor for Fuel Charge Rider A of 0.032¢/kWh is designed to recover approximately \$21.9 million, which represents the net of two projected June 30, 2015 fuel deferral balances.²

In total, Dominion Virginia Power's proposed fuel factor represents a 0.612¢/kWh decrease from the fuel factor rate presently in effect of 3.018¢/kWh, which was approved in Case No. PUE-2014-00033.³ According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$512.3 million between April 1, 2015, and June 30, 2016.⁴ The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.12, or approximately 5.3%.⁵

In its Application, Dominion Virginia Power also proposes a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company.⁶

Dominion Virginia Power also requests a partial waiver of the requirements of Rule 20 VAC 5-201-80 A ("Rule 80 A") of the Rules Governing Utility Rate Applications and Annual Informational Filings.⁷ Rule 80 A states in part that "[i]n the event that an electric utility files an application to change the fuel factor, fuel factor projections shall be filed at least six weeks prior to the proposed effective date." In this case, the Company has filed its application to change the fuel factor approximately four weeks prior to the proposed April 1, 2015 effective date.

Finally, in conjunction with the filing of its Application, on February 27, 2015, the Company filed the Motion of Virginia Electric and Power Company for Entry of a Protective Order ("Motion for Protective Order") and a proposed protective order that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Dominion Virginia Power should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or to participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

The Commission further finds that the Company's request for partial waiver of Rule 80 A should be granted and the Company's proposed fuel factor of 2.406¢/kWh should be placed into effect on an interim basis for usage on and after April 1, 2015.⁸

¹ Application at 1-2.

² *Id.* at 3. The first balance is the projected June 30, 2015 over-recovery balance of approximately \$24.0 million associated with recovery of the July 2014 through June 2015 period expense. The second balance is the projected June 30, 2015 under-recovery balance of approximately \$45.9 million associated with recovery of the remaining portion of the January 31, 2015 prior period expense to be recovered through June 30, 2015. This prior period factor also reflects a 50% reduction to the deferral balance as of December 31, 2014, of approximately \$85 million.

³ *Id.* at 2. *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2014-00033, Doc. Con. Cen. No. 140920210, Order Establishing 2014-2015 Fuel Factor (Sept. 18, 2014).

⁴ Direct Testimony of Edward J. Anderson at 1.

⁵ *Id.* at 5.

⁶ Application at 3.

⁷ Application at 3-4.

⁸ The Company's proposed fuel factor is based in part on a 50% reduction of Dominion Virginia Power's prior period deferred fuel expense recovery balance on its books and records as of December 31, 2014, which, according to the Company, is intended to comply with the requirements of Senate Bill 1349. *See* Application at 2; 2015 Virginia Acts of Assembly, Ch. 6, Enactment Clause 2. Senate Bill 1349 was recently approved by the General Assembly of Virginia and signed into law on February 24, 2015, but is not effective until July 1, 2015. However, the Commission finds that the Company's proposed fuel factor of 2.406¢/kWh may nevertheless be placed into effect on an interim basis for usage on and after April 1, 2015, pursuant to § 56-40 of the Code.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2015-00022.
- (2) The Company's proposed fuel factor of 2.406¢/kWh shall be placed into effect on an interim basis for usage on and after April 1, 2015.
- (3) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁹ a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding, including the Company's Motion for Protective Order.
- (4) A public hearing shall be convened on June 18, 2015, at 10 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and evidence offered by the Company, respondents, and the Staff on the Company's Application. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's Courtroom fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) The Company shall forthwith make copies of the public versions of its Application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in the Commonwealth of Virginia. Interested persons also may review a copy of the public version of Dominion Virginia Power's Application in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may request a copy of the same, at no charge, by written request to counsel for Dominion Virginia Power, William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.
- (6) On or before April 3, 2015, Dominion Virginia Power shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF VIRGINIA ELECTRIC AND POWER COMPANY'S
REQUEST TO REVISE ITS FUEL FACTOR
CASE NO. PUE-2015-00022

On February 27, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia seeking a decrease in its fuel factor from 3.018 cents per kilowatt-hour ("¢/kWh") to 2.406¢/kWh, effective for usage on and after April 1, 2015, on an interim basis.

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's proposed current period factor for Fuel Charge Rider A of 2.374¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.6 billion for the period July 1, 2015, through June 30, 2016. The Company's proposed prior period factor for Fuel Charge Rider A of 0.032¢/kWh is designed to recover approximately \$21.9 million, which represents the net of two projected June 30, 2015 fuel deferral balances.

In total, Dominion Virginia Power's proposed fuel factor represents a 0.612¢/kWh decrease from the fuel factor rate presently in effect of 3.018¢/kWh, which was approved in Case No. PUE-2014-00033. According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$512.3 million between April 1, 2015, and June 30, 2016. The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.12, or approximately 5.3%. Dominion Virginia Power also proposes a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power.

The Commission entered an Order Establishing 2015-2016 Fuel Factor Proceeding ("Order") that, among other things, scheduled a public hearing on June 18, 2015, at 10 a.m. in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear 15 minutes before the starting time of the hearing and contact the Commission's Bailiff. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

In its Order, the Commission also allowed the Company to place its proposed fuel factor of 2.406¢/kWh into effect for usage on and after April 1, 2015, on an interim basis.

The public version of the Company's Application, pre-filed testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in the Commonwealth of Virginia. A

⁹ 5 VAC 5-20-10 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

copy of the public version of the Company's Application also may be obtained, at no cost, by written request to counsel for Dominion Virginia Power, William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Interested persons also may review a copy of the public version of the Company's Application in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice and Procedure ("Rules of Practice"), as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

On or before June 11, 2015, any interested person wishing to comment on the Company's Application shall file written comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before June 11, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2015-00022.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before April 24, 2015. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2015-00022. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before May 8, 2015, each respondent may file with the Clerk of the Commission and serve on the Commission's Staff, the Company, and all other respondents any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00022.

VIRGINIA ELECTRIC AND POWER COMPANY

(7) On or before April 3, 2015, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before April 30, 2015, the Company shall provide proof of service and notice as required in this Order.

(9) On or before June 11, 2015, any interested person wishing to comment on the Company's Application shall file written comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before June 11, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2015-00022.

(10) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before April 24, 2015. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2015-00022.

(11) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the public version of the Application, and all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before May 8, 2015, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00022.

(13) On or before May 29, 2015, the Staff shall investigate the Application and file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before June 8, 2015, the Company may file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer and simultaneously shall serve a copy on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(15) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.¹⁰ 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) The Company's request for partial waiver of the requirements of Rule 80 A is granted as set forth in this Order.

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

¹⁰ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUE-2015-00022, in the appropriate box.

**CASE NO. PUE-2015-00022
AUGUST 21, 2015**

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2015-2016 FUEL FACTOR

On February 27, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking a decrease in its fuel factor from 3.018 cents per kilowatt-hour ("¢/kWh") to 2.406¢/kWh, effective for usage on and after April 1, 2015, on an interim basis.¹ As part of its Application, Dominion Virginia Power filed direct testimony of several witnesses.

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's proposed current period factor for Fuel Charge Rider A of 2.374¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately \$1.6 billion for the period July 1, 2015, through June 30, 2016. The Company's proposed prior period factor for Fuel Charge Rider A of 0.032¢/kWh is designed to recover approximately \$21.9 million, which represents the net of two projected June 30, 2015 fuel deferral balances.²

In total, Dominion Virginia Power's proposed fuel factor represents a 0.612¢/kWh decrease from the fuel factor rate presently in effect of 3.018¢/kWh, which was approved in Case No. PUE-2014-00033.³ According to the Company, this proposal would result in an annual fuel revenue decrease of approximately \$512.3 million between April 1, 2015, and June 30, 2016.⁴ The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by \$6.12, or approximately 5.3%.⁵

In its Application, Dominion Virginia Power also proposed a modification to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company ("Definitional Framework").⁶ To support an expansion of its financial hedging activities, the Company proposed to add a new Paragraph (d) to the existing Definitional Framework to explicitly state that gains and losses, including option premiums, arising from the use of derivative instruments to financially hedge fuel and purchased power are recoverable through the Company's fuel factor.⁷ Specifically, the Company's proposed Paragraph (d) states: "[t]he commodity costs referenced in items a., b., and c. above shall include gains or losses, including option premiums,

¹ Exhibit ("Ex.") 2 (Application) at 1-2.

² *Id.* at 3. The first balance is the projected June 30, 2015 over-recovery balance of approximately \$24.0 million associated with recovery of the July 2014 through June 2015 period expense. The second balance is the projected June 30, 2015 under-recovery balance of approximately \$45.9 million associated with recovery of the remaining portion of the January 31, 2015 prior period expense to be recovered through June 30, 2015. This prior period factor also reflects a 50% reduction to the deferral balance as of December 31, 2014, of approximately \$85 million.

³ *Id.* at 2. *Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUE-2014-00033, 2014 S.C.C. Ann. Rept. 418, Order Establishing 2014-2015 Fuel Factor (Sept. 18, 2014).

⁴ Ex. 10 (Direct Testimony of Edward J. Anderson) at 1.

⁵ *Id.* at 5.

⁶ Ex. 2 (Application) at 3.

⁷ Ex. 3 (Direct Testimony of Steven A. Rogers) at 7.

arising from the use of derivative instruments associated with such commodities."⁸ The commodity costs referenced in items a., b., and c. of the Definitional Framework refer to fossil fuel costs, nuclear fuel costs, and purchased power costs, respectively.⁹

On March 12, 2015, the Commission entered an Order Establishing 2015-2016 Fuel Factor Proceeding that, among other things, established a procedural schedule for this matter; required the Company to provide public notice of its Application; scheduled an evidentiary hearing on the Application; and placed into effect the Company's proposed fuel factor of 2.406¢/kWh on an interim basis for usage on and after April 1, 2015.

The Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed notices of participation in this case. On May 8, 2015, the Committee filed the testimony of two witnesses. On May 29, 2015, the Commission Staff ("Staff") filed the testimony of four witnesses and on June 8, 2015, the Company filed rebuttal testimony.

On June 17, 2015, Staff and the Company filed a Stipulation and Recommendation ("Stipulation"), agreeing and recommending that the Commission find that:

1. The Company's proposed fuel factor of 2.406¢/kWh currently in effect on an interim basis be implemented effective for usage on and after July 1, 2015.
2. There will be no change to the Company's Definitional Framework in this proceeding.¹⁰
3. Gains, losses and option premiums arising from the following types of natural gas and purchased power hedges, when such hedges are entered into prudently, are eligible for recovery in the fuel factor under the Company's existing Definitional Framework during [the fifteen-month period commencing April 1, 2015, and ending June 30, 2016], subject to audit: (i) cash flow hedges; (ii) de-designated hedges; and (iii) hedges that do not qualify for cash flow hedge accounting from the outset.
4. The Company will file a report on or before January 31, 2016 ("January 31, 2016 Report"), in this docket, as described in Staff Witness Oliver's Pre-filed Testimony, to include:
 - a. details concerning its actual hedging and fuel procurement practices over the prior year, including, but not limited to, (i) the percentage of fuel volumes hedged physically and financially by fuel type, (ii) the types of physical and financial hedges used for each month, (iii) a quantification of the gains and losses associated with the financial hedges, and (iv) an itemized list of all costs associated with these financial hedges; and
 - b. a detailed explanation, with supporting workpapers, of (i) the Company's current risk management program for its procurement of oil, natural gas, and wholesale electricity, (ii) any changes it is considering to its current risk management program for its procurement of oil, natural gas, and wholesale electricity in the next year as a result of changing fuel mix, market conditions, or any other reason, and (iii) the analyses undertaken in adopting and implementing such plan and in rejecting alternatives.
5. The Company will file annual updates to the January 31, 2016 Report on or before January 31 in each fuel factor proceeding going forward.¹¹

The Commission convened a public evidentiary hearing on June 18, 2015. Dominion Virginia Power, the Committee, Consumer Counsel, and the Staff participated at the hearing. No public witnesses appeared at the hearing.

At the hearing, Consumer Counsel stated that it did not oppose the proposed Stipulation.¹² The Committee stated that it did not oppose provisions 2-5 of the proposed Stipulation, but argued that the Commission should approve voltage differentiated fuel rates rather than the levelized fuel factor of 2.406¢/kWh that was supported in the Stipulation.¹³

NOW THE COMMISSION, having considered the Application, is of the opinion and finds that Dominion Virginia Power's fuel factor should be 2.406¢/kWh for usage on and after July 1, 2015. The Commission does not find that the evidence presented in this case necessitates a change to voltage differentiated fuel rates in order for rates to be reasonable. The continued use of a levelized fuel factor continues to be just and reasonable for purposes of this proceeding.¹⁴

The Commission also finds that the proposed Stipulation is reasonable and should be approved. As such, we hereby adopt the requirements set forth in the Stipulation, which are listed above, and direct the Company to comply therewith.

⁸ Ex. 9 (Direct Testimony of John C. Ingram) at Schedule 4.

⁹ *Id.*

¹⁰ The Committee, Consumer Counsel, and Staff stated that the Company's proposed change to the Definitional Framework is unnecessary. *See, e.g.*, Tr. 21, 46-47, 50.

¹¹ Ex. 11 (Stipulation) at 2.

¹² Tr. 47-48.

¹³ Tr. 23, 33-45.

¹⁴ *See, e.g.*, Ex. 21 (Rebuttal Testimony of Edward J. Anderson) at 2-3; Tr. 14-15, 50-52.

As is recognized by the Stipulation, § 56-249.6 of the Code entitles Dominion Virginia Power to recover prudently incurred fuel costs and, therefore, only prudently-incurred hedging costs should be eligible for recovery. In this regard, we note an issue was raised during the case regarding the appropriate level of hedging activities. For example, whether it represents a reasonable cost to consumers in relation to the benefits that can be realistically expected therefrom. As part of the reports required herein pursuant to the Stipulation, we direct the Company to include a detailed analysis of the benefits, both quantifiable and qualitative, to consumers as a result of financial and physical hedging programs for each fuel type and for purchased power. Such reports shall include a comparison of each such benefit (including, but not limited to, any gains) to the costs (including, but not limited to, any losses, broker fees, and option premiums), for the specific purpose of determining whether particular hedging programs should be continued and, if so, at what level of activity. Such reports shall include both single-year and multiple-year analyses for at least the past five years.

Finally, as explained in prior fuel cases, approval of a fuel factor herein does not represent ultimate approval of the Company's actual fuel expenses. An audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted by Staff after the close of the fuel year. The Commission subsequently determines what are, in fact, reasonable, prudent and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. For example, the Commission has previously described this review as follows:

Should the Commission find in its Final Audit Order (1) that any component of the Company's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that the Company has failed to make every reasonable effort to minimize fuel cost or has made decisions resulting in unreasonable fuel cost, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position of the Company's next fuel factor. We reiterate that no finding in this order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.¹⁵

Likewise, while we find that the fuel factor approved herein shall be implemented for usage on and after July 1, 2015, no finding in this Order Establishing Fuel Factor is final, as this matter is continued generally, pending audit and investigation of the Company's actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's fuel factor shall be 2.406¢/kWh for usage on and after July 1, 2015.
- (2) The Company's Fuel Charge Rider A, as approved herein, is accepted for filing and shall become effective for usage on and after July 1, 2015.
- (3) The Stipulation and Recommendation submitted to the Commission on June 17, 2015, is approved.
- (4) As part of the reports that Dominion Virginia Power will file pursuant to the Stipulation and Recommendation, the Company shall provide a detailed analysis and comparison of the benefits and costs of each of its hedging programs as described herein.
- (5) This matter is continued pending further order of the Commission.

¹⁵ *Application of Kentucky Utilities Company, t/a Old Dominion Power Company, To revise its fuel factor pursuant to Virginia Code § 56-249.6, Case No. PUE-1994-00043, 1995 S.C.C. Ann. Rept. 309, 311 (Jan. 6, 1995).*

**CASE NO. PUE-2015-00024
APRIL 6, 2015**

APPLICATION OF
SPRAGUE ENERGY SOLUTIONS INC.

For a license to conduct business as an electricity aggregator

ORDER GRANTING LICENSE

On February 20, 2015, Sprague Energy Solutions Inc. ("Sprague" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an electricity aggregator ("Application"). In its Application, Sprague seeks authority to serve eligible commercial and industrial customers throughout the Commonwealth of Virginia.¹ Sprague paid the required registration fee and attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").²

On February 27, 2015, the Commission issued an Order for Notice and Comment that, among other things, docketed the Application; required the Company to serve a copy of the Order for Notice and Comment upon appropriate persons; 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.

¹ Although Sprague seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only as set forth in the Code of Virginia ("Code") and only in the service territories of Virginia Electric and Power Company d/b/a Dominion Virginia Power, Appalachian Power Company, and the electric cooperatives:

² 20 VAC 5-312-10 *et seq.*

On March 4, 2015, Sprague filed proof of service. On March 20, 2015, Virginia Electric and Power Company, d/b/a/ Dominion Virginia Power ("Dominion Virginia Power") filed a notice of participation and comments. Those comments requested that Sprague disclose information with respect to any affiliate relationships with local distribution companies or competitive service providers, or both, that conduct business in Virginia. In addition, Dominion Virginia Power urged the Commission and its Staff to investigate and closely examine Sprague's financial fitness and collateral needed to continue in business.

On March 24, 2015, the Staff filed its Staff Report, which summarized the Company's proposal and evaluated the financial condition and technical fitness of Sprague to conduct business as an electricity aggregator. The Staff Report noted that, in response to Staff's inquiry, Sprague clarified that it had no affiliate relationships with local distribution companies or competitive service providers that conduct business in Virginia, other than with its parent, Sprague Operating Resources, LLC, which is licensed in Virginia as a competitive service provider of natural gas but not electricity. The Staff Report also noted that, as an aggregator, Sprague would not require the financial resources and collateral requirements of a competitive service provider to purchase, own, and provide electricity. Staff recommended that the Commission grant Sprague a license to conduct business as an electricity aggregator in the Commonwealth of Virginia. No comments were filed to the Staff Report.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Sprague meets the requirements for a license to conduct business as an electricity aggregator, and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Sprague hereby is granted License No. A-41 to conduct business as an electricity aggregator for commercial and industrial customers throughout the service territories open to competition in the Commonwealth of Virginia. This license is granted subject to the provisions of § 56-235.8 F of the Code, 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.

**CASE NO. PUE-2015-00027
NOVEMBER 23, 2015**

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

FINAL ORDER

On March 31, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"). Pursuant to Code § 56-585.1 A 8, "[t]he Commission's final order regarding such biennial review shall be entered not more than eight months after the date of filing, and any revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order."

On April 10, 2015, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed Dominion to provide public notice of this matter.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Department of the Navy on behalf of all Federal Executive Agencies ("FEA"); Apartment and Office Building Association of Metropolitan Washington ("AOBA"); The Kroger Co.; MeadWestvaco Corporation; and the Virginia Committee for Fair Utility Rates ("Committee").

The Commission held a public evidentiary hearing on September 9, 10, 11, and 14, 2015. The Commission received testimony from witnesses on behalf of participants in the case and admitted over 50 exhibits. The Commission also received written comments from the public in this case; no public witnesses appeared to testify at the hearing.

On October 23, 2015, the following participants filed post-hearing briefs: Dominion; AOBA; FEA; Committee; Consumer Counsel; and the Commission's Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

"EARNED" RETURN

This is Dominion's third biennial review under § 56-585.1 A and covers the 2013-2014 historical two-year period. In this proceeding, the Commission is required to determine whether the Company "has, during the test period or periods under review, considered as a whole, earned . . . more than 70 basis points below [or above] a fair combined rate of return on its generation and distribution services, as determined in subdivision 2" ¹ The fair

¹ Code § 56-585.1 A 8 a, b.

combined rate of return on common equity ("ROE") for purposes of the instant 2013-2014 biennial review period is 10.00%, which was determined by the Commission in Dominion's second biennial review.² This results in a ± 70 basis points earnings band under the statute of 9.30% - 10.70%.

In order to determine Dominion's earned return for 2013-2014, the Commission must make determinations on specific earnings adjustments related thereto. As explained in prior biennial review orders, Code § 56-585.1 "in no manner requires the Commission to include unreasonable items in determining the earned return thereunder," and, thus, "such determination is not simply a calculation of entries as booked by the utility during the biennial period."³ Rather, the earned return under this regulatory statute must represent a utility's reasonable earned return, on a regulatory basis, for the biennial period. Thus, "to calculate earned return (which is generally net income divided by common equity), the Commission must determine the Company's reasonable revenues, expenses, and rate base for the historical biennium," and this, "by necessity, requires the Commission to rule on regulatory earnings adjustments proposed by both the utility and other participants in the case."⁴

The Commission has necessarily applied this process in prior biennial reviews, wherein the Commission made specific regulatory accounting adjustments in order to determine the utility's reasonable revenues, expenses, and rate base for the historical two-year period.⁵ Those biennial reviews included more than 100 such regulatory adjustments – some contested, some not – that were proposed by the utility or other participants in the case. This is a required step in determining earned return under the statute.

In this manner, the "biennial review is not a summation of previously-approved or booked items but, rather, is a review of the utility's actual performance during the prior biennium."⁶ Consequently, as explained by the Supreme Court of Virginia, in order to determine earned return under this statute, the Commission must perform a "retrospective review" of the utility's "performance during the two successive 12-month periods immediately prior to such review[]." ⁷ The General Assembly amended Code § 56-585.1 in 2012, 2013, 2014, and 2015, but did not amend the process that the Commission has consistently employed for implementing the statutory directive to determine earned return for the historical biennium.

In sum, the Commission must rule on 2013-2014 earnings adjustments for regulatory accounting purposes and to determine earned return under the statute. Accordingly, the Commission makes the findings listed below, which we conclude are reasonable and supported by evidence in the record.⁸

New Regulatory Accounting Adjustments Proposed by Dominion

The Company proposed several new regulatory accounting adjustments for purposes of the instant biennial review.⁹ Except as may otherwise be discussed in this Order, the Commission finds that Dominion's proposed new regulatory earnings adjustments are reasonable for purposes of determining the Company's earned return for the 2013-2014 biennium.¹⁰

Cost of Capital

In Dominion's prior biennial review, the Commission made a regulatory earnings adjustment to the Company's 2012 cost of capital related to its cost of equity (*i.e.*, regarding the percentage of equity in its capital structure). Based on the record in the instant case, the Commission will not make an adjustment to cost of capital in this proceeding to determine earned return but, rather, will use the percentage of common equity in Dominion's actual capital structures for 2013 and 2014.

² *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, Final Order (Nov. 26, 2013) ("*VEPCO 2013 Biennial Review*"). A utility's fair ROE as determined in a biennial review shall be applied to that utility's subsequent biennial review. *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, 465, Final Order (Nov. 30, 2011) ("*VEPCO 2011 Biennial Review*"), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 744, 735 S.E.2d 684, 693 (2012) ("*VEPCO v. SCC*"). In 2013, the General Assembly codified this principle into § 56-585.1 A 8 as follows: "The fair combined rate of return on common equity determined pursuant to subdivision 2 in such biennial review shall apply, for purposes of reviewing the utility's earnings on its rates for generation and distribution services, to the entire two successive 12-month test periods ending December 31 immediately preceding the year of the utility's subsequent biennial review filing under subdivision 3." 2013 Va. Acts ch. 2.

³ *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, 393 Final Order (Nov. 26, 2014) ("*APCo 2014 Biennial Review*") (citation omitted).

⁴ *Id.*

⁵ See *VEPCO 2011 Biennial Review*; *VEPCO 2013 Biennial Review*; *APCo 2014 Biennial Review*.

⁶ *APCo 2014 Biennial Review*, 2014 S.C.C. Ann. Rept. at 393.

⁷ *VEPCO v. SCC*, 284 Va. at 730, 736, 735 S.E.2d at 685, 688. The order appealed from and affirmed in this Supreme Court case was the first order under § 56-585.1 in which the Commission made specific earnings adjustments, over the objection of the utility, which were necessary to determine the reasonable earned return for the historical two-year period.

⁸ The Commission further notes, as it has previously, that "[a]lthough the Rate Case Rules cannot supplant statutory requirements or mandate an unreasonable earned return, we find good cause to grant any waivers that might be found necessary to implement the earnings adjustments required herein in order to determine the reasonable earned return under the statute." *APCo 2014 Biennial Review*, 2014 S.C.C. Ann. Rept. at 393, n.9.

⁹ See, *e.g.*, Ex. 7 (Stevens Direct) at 14-15; Ex. 47 (Stevens Revised Rebuttal) at Schedule 16.

¹⁰ Likewise, unless otherwise ordered herein, the uncontested regulatory accounting adjustments proposed by Dominion or Staff are approved for purposes of this biennial review.

Statutory Accounting for North Anna 3

Code § 56-585.1 A 6 includes numerous requirements attendant to new generation facilities. This section, among other things, allows Dominion to recover certain costs incurred for nuclear and off-shore wind facilities that have yet to be requested, approved, and/or constructed.

For purposes of new nuclear facilities, Code § 56-585.1 A 6 states in part as follows:

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.* (Emphases added.)

Pursuant to this language, to determine earned return in this biennial review Dominion recorded \$320.1 million of new nuclear facility costs. Specifically, these costs are related to the potential construction of a third nuclear reactor at Dominion's North Anna Power Station ("North Anna 3").¹¹

Staff testified that \$58.6 million of this amount relates to site separation activities and assets that are currently in-service for (*i.e.*, currently being used for) the two existing nuclear reactors at the North Anna Power Station.¹² While these assets may currently be in service for North Anna 1 and 2, it is uncontested that these site separation costs were only incurred in order "to physically separate the future potential North Anna Unit 3 [construction] site from the existing [operating] facility (Units 1 and 2)."¹³ Indeed, no participant contests the fact that these site separation costs were only required due to the potential construction of North Anna 3. As quoted above, Code § 56-585.1 A 6 specifically directs the Commission to recognize in this biennial review 70% of "all costs" of North Anna 3. The term "all costs" is clear. There is no ambiguity in the statutory directive we are bound to follow. Thus, for purposes of the biennial review accounting required herein, we find that the statute requires inclusion of the North Anna 3 site separation costs.

In addition, Dominion also included – as part of "all costs" of North Anna 3 – a return (*i.e.*, financing costs) incurred in 2014 on the unamortized balance of the allotted 70% of new nuclear costs that must be recognized in this biennial review. Again, as with the North Anna 3 site separation costs, the biennial review accounting required for this matter is governed by the above statute. That is, Code § 56-585.1 A 6 is explicitly limited to costs "incurred between July 1, 2007, and December 31, 2013." Accordingly, we reject – for purposes of the biennial review as required by statute for this proceeding – Dominion's proposed financing costs for North Anna 3 that the Company incurred *after* December 31, 2013. This finding increases the Company's biennial review earnings by approximately \$10.4 million.¹⁴

EPA Environmental Compliance Costs – Coal Ash Ponds

On December 19, 2014, the United States Environmental Protection Agency ("EPA") announced its Coal Combustion Residual Rule ("CCR Rule"), which requires certain environmental clean-up and closure of coal ash ponds.¹⁵ On April 17, 2015, EPA's CCR Rule was published in the Federal Register.¹⁶ After the CCR Rule was published in the Federal Register, Dominion recorded – effective May 1, 2015 – Asset Retirement Obligation ("ARO") liabilities on its books related to the CCR Rule.¹⁷ These ARO liabilities were based on Dominion's analysis of the environmental compliance costs from the CCR Rule, totaled \$325 million, and are related to Dominion's following generation facilities: Clover; Mt. Storm; Chesterfield; Virginia City; Yorktown; Brems; Possum Point; and Chesapeake.¹⁸

Dominion explained that it recorded this \$325 million of ARO liabilities *after* publication of the CCR Rule in the Federal Register because the legal obligations under the CCR Rule are not triggered until such publication.¹⁹ Indeed, no participant contested the fact that the proper time to book a liability connected to an EPA rule is after it is published in the Federal Register, which is the consensus of the Edison Electric Institute accounting committee and the accounting community as a whole.²⁰ As a further example, Dominion acknowledged that it has not yet recorded a liability for EPA's announced rule on the Clean Power Plan²¹ because such rule has not yet been published in the Federal Register.²²

¹¹ See, e.g., Ex. 47 (Stevens Rebuttal) at 4; Ex. 27 (Myers Direct) at 24-25.

¹² See, e.g., Ex. 27 (Myers Direct) at 27-32.

¹³ *Id.* at 27, Appendix D at 41 (Dominion Interrogatory Response No. 23-317).

¹⁴ See, e.g., Ex. 27 (Myers Supplemental) at 5-8; Ex. 30; Tr. 439-40; Staff's Post-Hearing Brief, Appendix B at 3.

¹⁵ See, e.g., Ex. 27 (Myers Direct) at 11.

¹⁶ See, e.g., *id.* at 13.

¹⁷ *Id.* at 13-14

¹⁸ See, e.g., *id.* at 15.

¹⁹ See, e.g., Dominion's Post-Hearing Brief at 31.

²⁰ See, e.g., Staff's Post-Hearing Brief at 7; Dominion's Post-Hearing Brief at 31 n.77.

²¹ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 79 Fed. Reg. 34830 (proposed June 18, 2014) (to be codified at 40 C.F.R. pt. 60) ("CPP Rule").

The Commission finds that for regulatory accounting purposes and to determine the Company's statutory earnings for 2013-2014 in this biennial review, Dominion's \$325 million of ARO liabilities recorded in 2015 for the CCR Rule are outside of this two-year biennial review earnings period and should not be treated as an expense for purposes of the 2013-2014 biennium. The ARO liabilities attendant to the CCR Rule were properly reflected in 2015 after publication of such obligations in the Federal Register.²³ These are not 2013 or 2014 costs and, thus, should not be included in determining earned return in the instant biennial review.

In addition to the \$325 million of 2015 CCR-related ARO liabilities recorded by Dominion effective May 1, 2015, the Company also recorded on its books a contingent liability (and associated period expense) on December 30, 2014, involving a subset – *i.e.*, \$121 million of the \$325 million – of these costs.²⁴ Specifically, on December 30, 2014, Dominion sent a settlement offer to the Southern Environmental Law Center offering to settle potential litigation by closing the coal ash ponds at Breomo, Possum Point, and Chesapeake, which the Company believed would be required in any event upon publication of the CCR Rule in the Federal Register.²⁵ In this regard, Dominion explained that it offered to settle the threat of litigation (no lawsuit had yet been filed) because "[t]hese were costs that we were going to have to incur, in any event."²⁶ Dominion estimated that the environmental compliance costs under the CCR Rule for Breomo, Possum Point, and Chesapeake would be \$121 million, and the Company recorded this amount effective upon transmittal of the settlement offer according to Generally Accepted Accounting Principles ("GAAP").²⁷ The Company's settlement offer was subsequently rejected.²⁸

Dominion seeks to include this \$121 million in calculating its 2014 earnings, even though it is part of the 2015 ARO liability of \$325 million.²⁹ The Commission finds that this \$121 million should not be treated differently than the rest of the 2015 ARO liability of \$325 million for purposes of determining earned return for 2013-2014 in this biennial review. After Dominion chose to transmit its settlement offer on December 30, 2014, it properly recorded the \$121 million as a contingent liability under GAAP. It is uncontested, however, that "GAAP accounting does not dictate treatment of costs for regulatory accounting purposes" in determining earned return in a biennial review.³⁰ Rather, to determine the reasonable earned return for the biennium, the Commission starts with GAAP and makes limited regulatory adjustments when it finds reasonable justification therefor; this principle is also uncontested.³¹

In this regard, Dominion acknowledges that when it recorded the 2015 ARO liability after publication of the CCR Rule in the Federal Register, the portions of such \$325 million attributed to Breomo, Possum Point, and Chesapeake replaced the \$121 million contingent liability it recorded in 2014.³² In response to discovery, the Company further explained that when it "establishes additional AROs for the ash ponds at Possum Point, Chesapeake and Breomo pursuant to the CCR rules, it will reverse the existing liability established in December 2014...."³³ This is because, as discussed by Dominion (and uncontested by the other participants), the 2015 ARO liability for the CCR Rule "takes precedence" over the discretionary 2014 contingent liability created by the Company.³⁴

In addition, Dominion incurred no costs in 2014 associated with closing the coal ash facilities.³⁵ The Company was not required by law to offer to settle a potential lawsuit that had not yet been filed as of December 30, 2014 (thereby creating a contingent liability), nor did Dominion's December 30,

²² Tr. 713. While at the time of the hearing the CPP Rule had not yet been published, the CPP Rule was published on October 23, 2015. *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,662, Final Rule (Oct. 23, 2015). See also Staff's Post-Hearing Brief at 7, n.13.

²³ See, e.g., Dominion's Post-Hearing Brief at 31, n.77; Staff's Post-Hearing Brief at 7. It is not before us on this record, and we do not rule herein, on the question of whether it is appropriate to book regulatory compliance costs for a new regulation after it is published in the Federal Register if such rule is the subject of pending litigation. Nor do we need to rule for purposes of the instant biennial review on how such costs should be booked, or in which period, or as a regulatory asset.

²⁴ See, e.g., Ex. 47 (Stevens Rebuttal) at 4-5, 21-22; Ex. 27 (Myers Direct) at 10-11.

²⁵ See, e.g., Ex. 27 (Myers Direct) at 11-12; Ex. 47 (Stevens Rebuttal) at 21-22; Dominion's Post-Hearing Brief at 18-19; Staff's Post-Hearing Brief at 6-7.

²⁶ Tr. 587.

²⁷ See, e.g., Ex. 27 (Myers Direct) at 12-13, n.11; Ex. 47 (Stevens Rebuttal) at 21-22; Dominion's Post-Hearing Brief at 19-20; Staff's Post-Hearing Brief at 8.

²⁸ See, e.g., Ex. 47 (Stevens Rebuttal) at 24; Ex. 27 (Myers Direct) at 11, 17; Committee's Post-Hearing Brief at 8; Consumer Counsel's Post-Hearing Brief at 13-14.

²⁹ The Virginia jurisdictional portion of the \$121 million is \$95.5 million. Ex. 27 (Myers Direct) at 11.

³⁰ *APCo 2014 Biennial Review*, 2014 S.C.C. Ann. Rept. at 397, n.50.

³¹ See, e.g., Tr. 467; Ex. 27 (Myers Direct) at 7; Staff's Post-Hearing Brief at 8; Consumer Counsel's Post-Hearing Brief at 15.

³² See, e.g., Ex. 47 (Stevens Rebuttal) at 25-26; Dominion's Post-Hearing Brief at 31-32; Ex. 27 (Myers Direct) at 13.

³³ Ex. 14 (Smith) at 39-40; Attachment LA-4 at 128.

³⁴ See, e.g., Tr. 704; Staff's Post-Hearing Brief at 14; Consumer Counsel's Post-Hearing Brief at 17-18.

³⁵ See, e.g., Consumer Counsel's Post-Hearing Brief at 15-16; Staff's Post-Hearing Brief at 7, 14-15.

2014, offer reduce its environmental compliance liability created by the CCR Rule in 2015 for Bremono, Possum Point, and Chesapeake.³⁶ Moreover, Dominion acknowledges that the 2015 ARO liability under the CCR Rule "superseded the liability" created by the 2014 settlement offer.³⁷

In sum, Dominion's 2013-2014 expenses should not reflect the ARO liabilities of \$325 million that were booked in 2015 to recognize environmental compliance costs resulting from the 2015 publication of the CCR Rule in the Federal Register. The Commission further concludes that for regulatory accounting purposes and to determine the Company's earned return in this biennial review, this finding includes the \$121 million of environmental compliance costs attributable to Bremono, Possum Point, and Chesapeake, which Dominion previously created as a contingent liability. This \$121 million has been properly superseded and replaced as part of the \$325 million of environmental compliance costs booked in 2015 as part of the 2015 ARO liabilities and, as with the rest of such liabilities, should not be reflected in Dominion's earnings for the 2013-2014 biennium. This finding increases the Company's biennial review earnings by approximately \$96.3 million.³⁸

Micron, Inc., and Manassas, Virginia

Micron operates a semiconductor facility located within the service territory of the municipal electric utility operated by the municipality of Manassas, Virginia.³⁹ Micron was served by the Manassas municipal electric utility until September 2014, at which time Micron became a retail customer of Dominion.⁴⁰ This arrangement was effectuated in accordance with Code § 56-265.4:1, which provides in part:

No public utility shall extend its electric public utility service, or construct, enlarge or acquire, by lease or otherwise, any electric utility facilities, in territory served exclusively by a municipal corporation or other governmental body on June 26, 1964, *unless such municipal corporation or other governmental body shall consent by such an agreement.* (Emphasis added.)

Accordingly, pursuant to this statute, Manassas and Dominion entered into one or more agreements that allowed Dominion to become the retail service provider for Micron.⁴¹ The Commission finds that Dominion's costs and revenues associated with serving Micron under Code § 56-265.4:1 should not be included in determining the Company's earned return in this biennial review.

Code § 56-585.1 A requires the Commission to conduct biennial reviews for each "investor-owned incumbent electric utility." For purposes of this section, an "incumbent electric utility" is defined as an "electric utility [that] supplie[s] electric energy to retail customers located in an exclusive territory established by the Commission."⁴² Micron is not located in Dominion's exclusive territory established by the Commission.

The General Assembly has created a clear distinction between an electric utility that serves a retail customer: (1) within its exclusive territory established by the Commission; or (2) within the territory served by a municipal corporation or other governmental body. If an electric utility seeks to serve a retail customer by expanding its exclusive service territory, Commission approval is required.⁴³ If an electric utility seeks to serve a customer located within the territory of a municipal electric utility, approval is required by the municipality – not the Commission – under Code § 56-265.4:1. Moreover, an electric utility has the obligation (and the right) to serve jurisdictional retail customers located within its exclusive territory established by the Commission, and the utility must provide such service under the specific rates, terms and conditions required by the Commission. Conversely, an electric utility has no obligation (or right) to serve a retail customer within the territory of a municipal electric utility, and any obligation undertaken by the electric utility therefor is governed by consensual contract between the municipality and electric utility under Code § 56-265.4:1.

In this manner, the General Assembly has not conferred upon the Commission jurisdiction over arrangements between municipalities and electric utilities under Code § 56-265.4:1. Thus, Dominion understandably did not seek the Commission's authority to serve a customer of a municipal utility, necessarily located outside of Dominion's territory, because the statute does not grant the Commission authority over such transaction. Under this statutory scheme, Micron has no ability to seek regulatory relief from the Commission regarding its electric utility service arrangement. Indeed, Manassas has not disposed of its right to serve Micron absent its agreement with Dominion, and Micron ultimately remains under the jurisdiction of the municipal electric utility in whose exclusive service territory it remains located.

Accordingly, the Commission finds that Micron is not a Virginia jurisdictional customer of Dominion for purposes of the Commission's determination of the utility's earned return in this biennial review.⁴⁴ This finding increases the Company's biennial review earnings by approximately \$5.4 million.⁴⁵

³⁶ See, e.g., Committee's Post-Hearing Brief at 10; Consumer Counsel's Post-Hearing Brief at 14.

³⁷ Dominion's Post-Hearing Brief at 31.

³⁸ Staff's Post-Hearing Brief, Appendix B at 2.

³⁹ See, e.g., Dominion's Post-Hearing Brief at 101.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² Code § 56-576.

⁴³ Code § 56-265.3 A.

⁴⁴ The Commission notes that Dominion also serves governmental and military customers that are non-jurisdictional for these and other purposes. See, e.g., Ex. 52 (Haynes Rebuttal) at 16; Staff's Post-Hearing Brief at 26.

⁴⁵ Staff's Post-Hearing Brief, Appendix B at 3. Accordingly, Micron shall also not be included in Dominion's cost of service for purposes of determining cost recovery in its rate adjustment clauses ("RACs"). See, e.g., Ex. 24 (Grant) at 22.

Property Tax Functionalization and Jurisdictionalization

The Company's earned return in this biennial review shall be modified to reflect the regulatory accounting adjustments proposed by Staff, and agreed to in principle by the Company, regarding the proper functionalization and jurisdictionalization of property taxes.⁴⁶ This finding increases the Company's biennial review earnings by approximately \$568,000.⁴⁷

Lobbying Expenses

The Commission finds that Staff's proposed regulatory accounting adjustments for industry dues – which remove the amount of such dues that Dominion was unable to establish were not related to lobbying expenses – are reasonable for purposes of determining earned return in this biennial review.⁴⁸ This finding increases the Company's biennial review earnings by approximately \$114,000.⁴⁹

Cash Working Capital

The Commission finds that Staff's proposed regulatory accounting adjustments to cash working capital (*i.e.*, the amount of investor-supplied funds used to sustain ongoing operations of the utility) related to (i) the earnings test results ordered herein, and (ii) balances for offshore wind costs incurred from July 1, 2007 through December 2013,⁵⁰ are reasonable for purposes of determining earned return in this biennial review.⁵¹ This finding increases the Company's biennial review earnings by approximately \$3.5 million.⁵²

Test Period Earnings and Earned Return

Based on our findings in this case, Dominion earned, on average, an ROE of approximately 10.89% during the 2013-2014 biennial review period. As noted above, the fair rate of return for purposes of this proceeding is 10.00%. Thus, for the 2013-2014 biennial period under review, Dominion had excess earnings and, pursuant to Code § 56-585.1 A 8, three results must now occur:

- (1) Dominion retains 70 basis points of excess earnings over 10.00% (*i.e.*, 10.00% to 10.70%), which is approximately \$103.9 million;
- (2) Dominion also retains 30% of excess earnings above 10.70%, which is approximately \$8.5 million; and
- (3) The remaining 70% of excess earnings above 10.70%, which is approximately \$19.7 million, shall be credited to customers' bills.

CREDITS TO CUSTOMERS' BILLS

Section 56-585.1 A 8 of the Code directs in part as follows:

(b) ... Any such credits shall be amortized over a period of six to 12 months, as determined at the discretion of the Commission, following the effective date of the Commission's order, and shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates;

...

[A]ny revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order.

We find that such credits to customers' bills, which must total not less than \$19.7 million, shall: (1) be amortized over a period of six (6) months; (2) be based on each customer's usage during calendar years 2013 and 2014; and (3) begin to take effect within sixty (60) days after the date of this Final Order.

In addition, such credits "shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates."⁵³ In this regard, the

⁴⁶ See, *e.g.*, Staff's Post-Hearing Brief, Appendix B at 4; Dominion's Post-Hearing Brief at 45.

⁴⁷ Ex. 27 (Myers Supplemental) at Statement III. Company Witness Stevens' rebuttal testimony further revised the Company's regulatory accounting adjustments to property taxes. Ex. 47 (Stevens Revised Rebuttal), Schedule 4 at 14-18, Schedule 6 at 20-24.

⁴⁸ See, *e.g.*, Ex. 25 (Ellis Direct) at 9-10.

⁴⁹ Ex. 27 (Myers Supplemental) at Statement III.

⁵⁰ For the reasons discussed above regarding North Anna 3 financing costs, the Commission likewise rejects – for purposes of biennial review accounting required by this statute – Dominion's proposed financing costs incurred in 2014 for the unamortized balance of 70% of offshore wind costs recognized in this biennial review pursuant to Code § 56-585.1 A 6. See, *e.g.*, Staff's Post-Hearing Brief at 32-34. In addition, the Commission finds that it is reasonable, for determining earned return in this biennial review, not to include a return on balances associated with 30% of the offshore wind costs that remain deferred on Dominion's books pending potential recovery thereof through a future RAC. *Id.*

⁵¹ See, *e.g.*, *id.*

⁵² *Id.*, Appendix B at 4.

⁵³ Code § 56-585.1 A 8 b.

Company shall allocate the credits among customer classes using the results from Dominion's 2013 Biennial Review, in which the Commission reduced base rates to account for three discontinued demand-side management programs.⁵⁴

TERMS AND CONDITIONS AND CLASS COST ALLOCATIONS

Dominion proposed clarifying revisions to its Terms and Conditions of Service as contained in Filing Schedule 41. No participant objected to these clarifications. The Commission approves such changes to the Terms and Conditions of Service, which shall become effective within sixty (60) days after the date of this Final Order.⁵⁵

Next, both AOBA and the Committee express concerns regarding Dominion's 2014 class cost of service study. AOBA states that the "Commission should take particular note of the rather dramatic downward movement shown in the unitized rate of return for its Schedule GS-4 service," that GS-1 and GS-2 "are now the only classes with above system average rates of return," and that the Special Contract class has a negative rate of return that is costing other customer classes "approximately \$4.45 million" per year.⁵⁶ The Committee, however, asserts that the Commission "should not rely upon [Dominion's] class cost of service study," because it "is not reflective of normal operations reasonably expected to occur going forward."⁵⁷ In this regard, the Commission clarifies that it need not, and does not, make a finding in the instant proceeding on the reasonableness of Dominion's 2014 class cost of service study.

SENATE BILL 1349

Earnings Review

During its 2015 Regular Session, the General Assembly of Virginia enacted Senate Bill 1349, which was signed by the Governor and then became effective on July 1, 2015.⁵⁸ Senate Bill 1349, among other things, suspends Dominion's next biennial review until 2022 and states that "no adjustment to an investor-owned incumbent electric utility's existing tariff rates ... shall be made" until the conclusion of that next biennial review, "except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5, or 6 of § 56-585.1."⁵⁹

For purposes of the instant biennial review, Senate Bill 1349 further states as follows:

Notwithstanding the provisions of §§ 56-249.6 and 56-585.1: ... Any biennial review of the rates, terms, and conditions for any service of a Phase II Utility occurring in 2015 during the Transitional Rate Period shall be *solely a review of the utility's earnings* on its rates for generation and distribution services for the two 12-month test periods ending December 31, 2014, *and a determination of whether any credits to customers are due* for such test periods pursuant to subdivision A 8 b of § 56-585.1.⁶⁰

Consistent with this language, and as set forth in this Final Order, the Commission has (1) reviewed the utility's earnings for 2013-2014, and (2) made a determination of whether any credits to customers are due.

Fair Rate of Return on Common Equity

The fair ROE determined in Dominion's prior biennial review has been applied in this proceeding, in accordance with § 56-585.1 A 8.⁶¹ Senate Bill 1349 directs that the fair ROE to be used in Dominion's next biennial review – which will be in 2022 (for 2020-2021) – shall be determined in an ROE

⁵⁴ See, e.g., Ex. 24 (Grant) at 30, Attachment MGG-9. The adjusted net operating income analysis prepared by Company Witness Haynes shall be used for this purpose. See, e.g., Dominion's Post-Hearing Brief at 110, n.401; Ex. 52 (Haynes Rebuttal) at 19-20; Ex. 52C (Haynes Rebuttal), Schedule 5.

⁵⁵ See, e.g., Dominion's Post-Hearing Brief at 110.

⁵⁶ AOBA Post-Hearing Brief at 8-9.

⁵⁷ Committee Post-Hearing Brief at 25-27.

⁵⁸ 2015 Va. Acts ch. 6 (approved February 24, 2015; effective July 1, 2015) (codified in part as Code § 56-585.1:1 A).

⁵⁹ Senate Bill 1349 (Code § 56-585.1:1 A) also provides in part as follows:

Notwithstanding the provisions of §§ 56-249.6 and 56-585.1: ... After the conclusion of the Transitional Rate Period, biennial reviews shall resume for a Phase II Utility [(i.e., Dominion)], as defined in § 56-585.1, in 2022, with the first such proceeding utilizing the two successive 12-month test periods beginning January 1, 2020, and ending December 31, 2021. Consistent with this provision, (i) no biennial review filings shall be made by an investor-owned incumbent electric utility in the years 2016 through 2019, inclusive, and (ii) 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 and the conclusion of the first biennial review after the conclusion of the Transitional Rate Period, except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5, or 6 of § 56-585.1.

⁶⁰ Code § 56-585.1:1 A (emphasis added).

⁶¹ Code § 56-585.1 A 8 states in relevant part as follows: "The fair combined rate of return on common equity determined pursuant to subdivision 2 in such biennial review shall apply, for purposes of reviewing the utility's earnings on its rates for generation and distribution services, to the entire two successive 12-month test periods ending December 31 immediately preceding the year of the utility's subsequent biennial review filing under subdivision 3." 2013 Va. Acts ch. 2.

proceeding commencing in 2019. As a result, unlike in prior biennial reviews, the Commission will not determine herein the fair ROE that will be used for purposes of Dominion's next biennial review.⁶²

Code § 56-585.1 A 3

Since the Commission has found that credits are due in this biennial review, the normal operation of Code § 56-585.1 A 3 would: (1) require the Commission to "combine" certain RACs with the utility's costs, revenues, and investments "until the amounts that are the subject of such [RACs] are fully recovered;" and (2) direct that after such RACs are combined, they "shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings."

The Commission has previously implemented Code § 56-585.1 A 3's requirement to combine RACs with base rates until the amounts that are the subject of such RACs are fully recovered. This has necessarily required adjustments to Dominion's existing tariff rates.⁶³ As noted above, however, Senate Bill 1349 precludes "adjustment[s] to ... existing tariff rates" at this time "except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5, or 6 of § 56-585.1." Code § 56-585.1 A 3 is not listed as one of these express exceptions. [Accordingly, Senate Bill 1349 has stayed the operation of Code § 56-585.1 A 3 at this time.](#)

2016 Rate Year Adjustments

Dominion provided testimony to support its position that it will have a revenue deficiency for the 2016 rate year; *i.e.*, if base rates were not prohibited from being adjusted herein per statute, the Company asserts that it would need an annual base rate increase of approximately \$6.2 million in order to earn its desired ROE of 10.75%.⁶⁴ In response thereto, Consumer Counsel and Staff submitted evidence to support the position that Dominion will not have a revenue deficiency in 2016 but, rather, will have a revenue sufficiency that would require a base rate decrease if otherwise permitted by Virginia statute. Specifically, Consumer Counsel's evidence projects that Dominion will earn approximately \$229 million more than its reasonable cost of service (including a fair rate of return) in 2016,⁶⁵ and Staff's calculations conclude that Dominion's 2016 revenues will exceed its costs (including a fair rate of return) by \$299 million.⁶⁶

Senate Bill 1349 explicitly states that the instant biennial review is "solely a review of the utility's earnings ... and a determination of whether any credits to customers are due." This statutory provision prohibits the Commission from making – *in this biennial review* – specific findings regarding rate year adjustments, ROE, and a specific revenue sufficiency or deficiency for the 2016 rate year. The Commission is not barred, however, outside of this proceeding, from its other regulatory responsibilities, including the collection of such financial information and records from Dominion as may be necessary to fulfill the Commission's several reporting obligations under Title 56 of the Code. For example, during the Transitional Rate Period, information related to Dominion's costs and revenues is relevant to our reporting duties and will be of value to the General Assembly.

In addition, Senate Bill 1349 itself requires the Commission to report by December 1st of each year on the costs of implementing the federal Clean Power Plan carbon control regulations, the costs of which may be substantial. As the Commission has previously noted, it remains unclear as we enter the Transitional Rate Period whether the bulk of these regulatory environmental compliance costs will be borne by Dominion through frozen base rates or by ratepayers through RACs.⁶⁷ Reporting on information addressing Dominion's base rate costs and revenues during the Transitional Rate Period would be valuable information for the General Assembly as it considers issues associated with the costs of the federal Clean Power Plan regulations.

NORTH ANNA 3 COSTS

Consumer Counsel raises concerns regarding the growing costs of development of the North Anna 3 nuclear power station.⁶⁸ Consumer Counsel notes that these rapidly mounting costs are being incurred without Dominion having applied for, much less having received, a Certificate of Public

⁶² As quoted above, Senate Bill 1349 explicitly states that the instant biennial review is "solely a review of the utility's earnings ... and a determination of whether any credits to customers are due." Thus, the Commission is not determining ROE herein for any purpose, including for RACs. We also make no ruling herein on whether the Commission has the authority to determine ROE in currently pending RAC proceedings.

⁶³ *VEPCO 2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 465-66. *VEPCO 2013 Biennial Review*, 2013 S.C.C. Ann. Rept. at 377.

⁶⁴ *See, e.g.*, Ex. 47 (Stevens Revised Rebuttal), Schedule 7 at 1. Dominion filed a motion on February 27, 2015, requesting a waiver of certain filing requirements contained in the Commission's Rate Case Rules. In support of such motion, the Company cited Senate Bill 1349, which did not take effect until July 1, 2015. The Commission denied Dominion's motion on March 13, 2015, noting as follows:

[T]he Motion and subsequent pleadings reflect varying views on the impact of Senate Bill 1349 for purposes of receiving information in this proceeding. ... Any specific questions or issues regarding the use of such information in this proceeding will be addressed as such questions arise during the course of the proceeding, not prior to the filing of the Application....

Order Denying Motion at 2.

⁶⁵ *See, e.g.*, Ex. 14 (Smith) at 25.

⁶⁶ *See, e.g.*, Ex. 27 (Myers Supplemental) at 12.

⁶⁷ *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, Doc. Con. Cen. No. 150420228, Final Order at 6-7 (Apr. 24, 2015); *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, Doc. Con. Cen. No. 151030161, Final Order at 5, n.7 (Oct. 20, 2015)

⁶⁸ *See, e.g.*, Ex. 17 (Norwood) at 6-7; Consumer Counsel's Post-Hearing Brief at 35-38.

Convenience and Necessity ("CPCN") or RAC for such facility. The Commission has, in the past, explained 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 CPCN and/or RAC.⁶⁹

Given that this is not a CPCN or RAC application, it is not before us in this proceeding to rule on the recoverability of North Anna 3 costs (except for over \$300 million of such costs incurred between July 1, 2007, and December 31, 2013, which the statute directs the Commission to recognize in this biennial review as discussed elsewhere in this Final Order).⁷⁰ As Consumer Counsel points out, even beyond those North Anna 3 costs made recoverable from ratepayers in the instant case through the operation of Code § 56-585.1 A 6, North Anna 3 development costs continue to grow significantly. Consumer Counsel also notes that Dominion's capital cost estimate for North Anna 3 has increased by more than 55% since 2011.⁷¹ The evidence demonstrates that Dominion has incurred over \$500 million in North Anna 3 development costs to date, that such costs will reach almost \$5 billion by 2020, and that the full build-out costs are currently projected at \$20 billion.⁷²

Consumer Counsel does not urge the Commission to order Dominion to stop development of North Anna 3 at this time, nor does Consumer Counsel ask Dominion to stop development.⁷³ Rather, Consumer Counsel urges us to initiate a separate proceeding of some type, to review the Company's planned expenditures for North Anna 3.⁷⁴ In this regard, Consumer Counsel notes that Dominion "projects it will have spent approximately \$2 billion in development of North Anna 3 before it intends to ask the Commission for approval to construct the project."⁷⁵

We re-emphasize herein what we have explained in the past, that Dominion should have no expectation or assumption that this Commission will necessarily grant recovery of costs that Dominion chooses to incur without a CPCN. In addition, Consumer Counsel has also raised issues regarding this matter in Dominion's pending IRP proceeding (Case No. PUE-2015-00035), which will be addressed in the Commission's order in that proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application is granted in part and denied in part as set forth in this Final Order.
- (2) The Company shall comply with the directives set forth in this Final Order.
- (3) The Company shall bear all costs incurred in effecting the credits to customers' bills set forth in this Final Order.
- (4) The Company shall forthwith file revised terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The credits required herein shall begin to take effect within sixty (60) days after the date of 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.sec.virginia.gov/case>.
- (5) Within sixty (60) days of completing the credits to customers' bills ordered herein, the Company shall file with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance a report verifying that all credits have been completed. The report shall also provide the cost incurred by the Company in effecting such credits.
- (6) This case is dismissed.

DIMITRI, Commissioner, concurring in part and dissenting in part:

I concur in the earnings test findings as set forth in this Final Order, except as noted below. In addition, I would establish herein a fair rate of return on common equity for the Company's next biennial period (2015-2016), and would direct implementation of the rate combination provisions of Code § 56-585.1 A 3, since I conclude that the provisions of Senate Bill 1349 that fix the Company's base rates for at least the next seven years – and which take the base rate setting function away from the Commission – violate the plain language of Article IX, Section 2, of the Constitution of Virginia.

Senate Bill 1349 (which was passed in 2015 by the General Assembly and signed by the Governor) fixes the Company's base rates at the current level and prohibits the Commission from conducting further biennial reviews for Dominion until 2022.⁷⁶ Since biennial reviews under Code § 56-585.1

⁶⁹ See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, Doc. Con. Cen. No. 120320147, Order on Certified Question at 3-4 (Mar. 19, 2012) ("[W]e note that the reasonableness and prudence of any actual or projected expenditures toward one or more specific demand- or supply-side resource option is not at issue in an [Integrated Resource Plan ("IRP")] proceeding. *Dominion 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 the risk of Dominion's stockholders.* Further, as the Commission indicated in its 2010 Order in the Company's prior IRP proceeding (Case No. PUE-2009-00096), finding that an IRP is reasonable and in the public interest under § 56-599 E of the Code in no manner represents – and should not be characterized as representing – explicit or implicit approval for construction or cost recovery of any specific resource option contained in the IRP.") (emphasis added).

⁷⁰ See Code § 56-585.1 A 6.

⁷¹ See, e.g., Consumer Counsel's Post-Hearing Brief at 36.

⁷² See, e.g., *id.* at 35-36; Ex. 17 (Norwood) at 6; Tr. at 323-28, 345-46, 633-34.

⁷³ Tr. at 63, 355-56; Consumer Counsel's Post-Hearing Brief at 38.

⁷⁴ See, e.g., Consumer Counsel's Post-Hearing Brief at 38-43.

⁷⁵ *Id.* at 36 (citing Tr. 636).

⁷⁶ This legislation also prohibits the Commission from conducting further biennial reviews for Appalachian Power Company until 2020.

have been presumed to be the only legislatively-sanctioned basis for setting or lowering customers' base rates, Senate Bill 1349 has foreclosed all avenues for reasonable base rate reductions, if warranted, by the Commission. As explained by Dominion in this proceeding, unless the Company seeks an emergency rate increase, Senate Bill 1349 fixes Dominion's base rates until at least 2023.⁷⁷

For its authority and duties, the Commission looks to the law, which includes both the Code and Constitution of Virginia. Article IX, Section 2, of the Constitution of Virginia provides in pertinent part as follows:

Subject to such criteria and other requirements as may be prescribed by law, the Commission *shall have the power and be charged with the duty of regulating the rates, charges, and services and, except as may be otherwise authorized by this Constitution or by general law, the facilities of railroad, telephone, gas, and electric companies.* (Emphasis added.)

The italicized language grants the Commission the power and the duty to regulate (i) rates, and (ii) facilities. The Commission's constitutional grant of authority as to rates is explicitly "[s]ubject to such criteria and other requirements as may be prescribed by law." As discussed by Professor A.E. Dick Howard in his Commentaries on the Constitution of Virginia, although this language gives the General Assembly wide latitude to determine the standards that must be used by the Commission in regulating rates, the Constitution grants the Commission jurisdiction "that the General Assembly may not take away."⁷⁸

Of particular relevance here, Professor Howard further explains as follows: "[T]he Assembly may not itself fix the rates of a particular company. Nor would it seem that the Legislature could take this function away from the [Commission] and confer it upon some other agency or body."⁷⁹ Thus, there is a distinction, or a line, between the establishment of legislative criteria and requirements for rate regulation, versus the reservation in the Constitution of rate setting power and duty in the Commission. The location of this line, between establishing criteria or requirements and actually setting rates, may be subject to differing views.⁸⁰ Senate Bill 1349, however, does not fall in a grey area. It does not establish criteria that the Commission must apply in regulating Dominion's base rates. Rather, it unequivocally fixes those rates and takes the base rate setting function away from the Commission. This is a legislative prohibition, rather than a requirement. Thus, Senate Bill 1349 is a prohibition on the Commission's exercise of its constitutional authority to regulate rates. There is no basis in the Constitution for legislation to nullify the Commission's grant of jurisdiction in this regard.⁸¹

Rate regulation traditionally has been accomplished through a process that reviews a utility's cost structure and allows into base rates the prudently incurred costs of operation, such as employee costs, depreciation of assets used to provide service (such as generation facilities) and taxes, coupled with a reasonable return, or profit (determined based on market rates of equity, cost of debt and similar funding sources), on its investments – generation plants, distribution facilities, office buildings, etc. Absent imprudent action by the utility, if costs of providing service go up, base rates are adjusted upward, and if costs go down base rates are reduced to reflect that fact.⁸²

For decades Virginia law protected customers from monopoly pricing and excessive rates while allowing utilities to recover their prudently incurred costs plus a reasonable return on investment through statutes such as Code § 56-235.2, which required the Commission to establish rates that provided the utility with revenues "not in excess" of the utility's "actual costs" plus a "fair return."⁸³ This allowed the Commission to consider both upward and downward adjustments to rates, which it did based on a fully developed record that analyzed the utility's costs and financing and gave all interested parties, including the utility, an opportunity to present evidence on costs, revenues and a fair return and legal argument.

⁷⁷ Dominion's Post-Hearing Brief at 99.

⁷⁸ 2 A.E. Dick Howard, *Commentaries on the Constitution of Virginia* 980 (1974).

⁷⁹ *Id.* at 983.

⁸⁰ Examples of where the General Assembly has established "criteria and other requirements" include Code § 56-235.2 (traditional standards for setting base rates), § 56-249.6 (recovery of fuel costs incurred by electric utilities), and § 56-585.1 (the instant biennial review process).

⁸¹ In addition, the Constitution's grant of authority to the Commission to regulate "rates" stands in sharp contrast to the grant of authority to regulate "facilities." Specifically, unlike rate regulation, the General Assembly can remove the Commission's regulation of "facilities" by statute. This is because the Constitution grants the Commission the power to regulate facilities "except as may be otherwise authorized by this Constitution or by general law." Va. Const. Art. IX, § 2. When it comes to rate regulation, however, there is no "except as may be otherwise authorized" provision, and the General Assembly is not constitutionally empowered to shift the setting of rates to a body other than the Commission. See, e.g., 2 A.E. Dick Howard, *Commentaries on the Constitution of Virginia* 983 (1974). While, as Professor Howard notes, the Supreme Court of Virginia has addressed relevant provisions of Article IX, Section 2, see, e.g., *Commonwealth v. Virginia Elec. & Power Co.*, 214 Va. 457, 201 S.E.2d 771 (1974) ("VEPCo"), this precedent left unresolved the current scenario of rates fixed by legislation. In *VEPCo*, the Court addressed the Commission's authority only in the context of utility rates *offered and charged to governmental entities as consumers*, who were already excluded by statute at the time of the adoption of the Constitution. Because *VEPCo* did not involve the fixing of rates by legislation, the Court did not have to reach the constitutional limitation on the authority to do so. In this regard, the Court in *VEPCo* declined to address Commissioner Catterall's recognition that "[i]n short, the General Assembly cannot itself fix the rates." *Application of Virginia Electric and Power Company, For a declaratory judgment*, Case No. 19176, 1972 S.C.C. Ann. Rept. 304, 308, Order (Dec. 12, 1972) (Shannon, concurring), *rev'd sub. nom., VEPCo*. To determine that Article IX, § 2 gives the General Assembly unfettered authority to set rates itself and legislate away the Commission's rate-setting authority would render portions of Article IX, § 2 superfluous.

⁸² The basic reason that rates are regulated in this manner – protecting the utility financially to maintain a reliable electric system and earn a fair return, and protecting customers by charging no more than the utility's costs plus a reasonable return – is because the utility is a state-created public utility monopoly and electricity is a necessity. See, e.g., Evans B. Brasfield, *Regulation of Electric Utilities by the State Corporation Commission*, 14 Wm. & Mary L. Rev. 589, 589-93 (1973); Michael J. Ileo and David C. Parcell, *Economic Objectives of Regulation – The Trend in Virginia*, 14 Wm. & Mary L. Rev. 547, 547-50 (1973).

⁸³ This statute, which reflects fundamental rate setting criteria and requirements as established by the General Assembly, is still applied by the Commission in, among other proceedings, the rate reviews and rate cases for natural gas distribution and water companies in Virginia.

In 2007, the General Assembly passed Code § 56-585.1, which largely supplanted the fundamental principles of § 56-235.2 identified above and instituted the biennial review process, placing newly crafted limitations on the Commission's authority to regulate the rates of investor-owned electric utilities (*i.e.*, Dominion and Appalachian Power Company). Code § 56-585.1, among other things, established requirements on how the Commission determines a fair return on investment and restricted the circumstances under which the Commission can decrease base rates. This statute has been applied to allow the utility to seek base rate increases if its costs increase, while allowing the Commission to reduce base rates only if the utility earns more than a fair return for two consecutive bienniums (during which time the utility might have to refund a portion of its excess revenues, but otherwise base rates remain at the same higher level). In addition, the General Assembly subsequently established specific criteria that required the Commission to include extraordinary costs, which would not have been recognized as directed in the biennial review under conventional rate setting standards, as part of Dominion's biennial reviews in 2013 and 2015; the effect thereof is to reduce the utility's regulatory earnings as calculated in the biennial review and reduce or eliminate refunds to customers and reduce or eliminate the possibility of base rate reductions on a going-forward basis.

The record in this case and other biennial review proceedings demonstrate that, when conventional rate standards are applied, there have been, and are projected to continue to be, excessive base rates that are being paid by Dominion customers. The Commission Staff estimates earnings in excess of the authorized return on equity of approximately \$226 million in 2013 and \$265 million in 2014, excluding extraordinary statutorily directed impairment or write-off charges.⁸⁴ The Commission, in its Final Order in the 2013 Biennial Review, which reviewed earnings for the years 2011 and 2012, determined that the Company needed \$4.87 billion in annual revenues to recover its cost of service and earn a fair return, but that the Company's current rates were designed to produce approximately \$5.15 billion, or about \$280 million more than necessary.⁸⁵ Under the terms of Code §§ 56-585.1 *et seq.*, the Commission has not been allowed to reset rates that are producing these revenue levels.

The trend of current rates producing revenues over cost and a fair return has been continuing. For 2015, the Commission Staff projects revenues over a fair return of \$310 million, and \$299 million for 2016.⁸⁶ The Office of the Attorney General stated in the current proceeding that the Company's rates are designed to produce excess revenues of \$229 million, or \$299 million if based upon the Commission Staff's recommended return on equity.⁸⁷ The point here is not the determination of the precise amount of earnings in excess of a fair return in a given year, but rather that the current rate levels, which the Commission has not been authorized to adjust, are designed to produce and have been producing annual excess revenues of hundreds of millions of dollars. There always will be variables that affect the amount of actual costs and revenues in a given year, but current rates are fixed at a level which is designed to overcollect from customers based on current analysis and historical results. If base rates are fixed at current levels for at least the next seven years, earnings over and above the Company's cost of service and a fair return have the potential to reach well over a billion dollars, at customer expense.⁸⁸

The 2015 General Assembly Session took the final step ending the Commission's rate setting authority and any ability to review and, if warranted, reset the Company's base rates, with the passage of Senate Bill 1349. Under this law, major categories of rising costs can be passed along to customers, but lower costs or savings cannot. That is, for virtually any significant infrastructure or related costs (such as new power plants, demand-side management investment, or transmission lines), separate rate increases are mandated through rider provisions in Code § 56-585.1, which effectively guarantee recovery of those costs to the utility, plus a profit and, in some cases, a rate of return bonus.⁸⁹ Conversely, Senate Bill 1349 fixes base rates (and any excess revenues currently built therein) at existing levels; base rates cannot be lowered by the Commission.

The above discussion illustrates that there is ample precedent for the General Assembly having prescribed "criteria and other requirements" that impact how the Commission may establish base rates. Indeed, there may be differing views as to the point at which particular "criteria and other requirements" become so proscriptive that they effectively remove the Commission's constitutional authority to regulate rates. For example, the limitations and directives in § 56-585.1 (discussed above) stand in stark contrast to the traditional regulatory criteria in § 56-235.2 (which required just and reasonable base rates based on the utility's actual cost of service and a fair return). Senate Bill 1349, however, requires no such analysis. Rather, Senate Bill 1349 draws a bright line for regulating base rates: The legislation has fixed the level of base rates and prohibited the Commission from reducing them under any circumstances. Again, the Constitution grants jurisdiction to the Commission "that the General Assembly may not take away," and, as a result, "the Assembly may not itself fix the rates of a particular company."⁹⁰

For these reasons, I would find that the provisions of Senate Bill 1349 that fix the Company's base rates violate Article IX, Section 2, of the Constitution of Virginia and, thus, would determine a fair rate of return on common equity for the Company's next biennial period (2015-2016). In addition, having concluded that the Commission may constitutionally adjust base rates, and since the Commission has found that credits shall be applied to customers' bills in this proceeding as referenced in Code § 56-585.1 A 3, I would find that – as required by Code § 56-585.1 A 3 – the Commission must "combine" certain rate adjustment clauses with the utility's costs, revenues, and investments "until the amounts that are the subject of such rate adjustment clauses are fully recovered."⁹¹

⁸⁴ Ex. 31. Even with a large directed write-off in this case, the Commission finds that there are earnings in excess of a fair return. The Office of the Attorney General argued that without the General Assembly's requirement of the North Anna 3 write-off in this case, customers would have been due a refund of \$188 million even assuming the Company's accounting adjustments. Office of the Attorney General's Post-Hearing Brief at 8.

⁸⁵ *VEPCO 2013 Biennial Review*, 2013 S.C.C. Ann. Rept. 378. Tr. 456-57.

⁸⁶ Based upon Staff calculations and assumptions. Ex. 31; Tr. 428-36. Dominion disagrees with some Staff adjustments and calculated amounts of overrecovery. Dominion's Post-Hearing Brief at 94-98.

⁸⁷ Office of the Attorney General's Post-Hearing Brief at 9.

⁸⁸ Ex. 31.

⁸⁹ See Code §§ 56-585.1 A 4, 5, and 6.

⁹⁰ 2 A.E. Dick Howard, *Commentaries on the Constitution of Virginia* 980, 983 (1974).

⁹¹ Code § 56-585.1 A 3.

* * *

As to earnings test adjustments, I disagree with my colleagues on their rejection of the Staff-proposed adjustments to the earnings test for North Anna 3 costs, which results in a significant reduction of approximately \$30 million in the refund due customers in this case. The assets in question, primarily support service buildings, were constructed in June 2013 solely for the use at this time of existing units North Anna 1 and 2, and Dominion does not contest the fact that these assets are currently in use for North Anna 1 and 2, are currently accounted for on the Company's books as plant in service for Units 1 and 2, and will continue to be used for these units whether or not Unit 3 is ever built. The new facilities would not even be needed at this time for North Anna 3 but only needed to be built now for Units 1 and 2. Moreover, Dominion would be allowed to recover these costs through base rates in any case, and the effect of the Dominion accounting proposal simply acts to lower its reported earnings and reduce the amount of the refund due customers. The Staff adjustment is sound and reflects a real world, common sense application of the statutory language of Code § 56-585.1 A 6.

**CASE NO. PUE-2015-00027
DECEMBER 14, 2015**

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

ORDER DENYING PETITION

On March 31, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"). Pursuant to Code § 56-585.1 A 8, "[t]he Commission's final order regarding such biennial review shall be entered not more than eight months after the date of filing, and any revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order."

On November 23, 2015, the Commission issued a Final Order in this case within the time period required by the above statute and ordered that \$19.7 million in rate credits begin to take effect within 60 days thereof.¹

On December 11, 2015, the Virginia Committee for Fair Utility Rates ("Committee") filed a Petition for Rehearing or Reconsideration ("Petition"). The Committee requests that the Commission:

1. Issue a timely order, on or before December 14, 2015, that grants rehearing or reconsideration and suspends the execution of the Final Order and the time for taking an appeal for the purpose of continuing the Commission's jurisdiction to consider the issues herein;
2. Issue an order directing that briefs be filed by the Commission Staff and the parties on the constitutionality of Code § 56-585.1:1 A; and
3. Following the filing of briefs, issue an order on rehearing or reconsideration that explicitly rules that Code § 56-585.1:1 A violates Article IX, Section 2 of the Constitution of Virginia.²

The Committee also claims that "[t]o preserve consideration of the constitutional question for the Supreme Court of Virginia, the Committee thus objects to the Final Order because it contains no explicit ruling on the constitutionality of Code § 56-585.1:1 A and because it fails to hold that Code § 56-585.1:1 A violates Article IX, Section 2 of the Constitution...."³

NOW THE COMMISSION, upon consideration of this matter, denies the Petition. The Committee's Petition accurately states that the issue of the constitutionality of Code § 56-585.1:1 A was not identified by any party or the Commission's Staff during the proceeding as an issue to be decided, it was not the subject of oral argument, and it was not raised in any pleadings.⁴ Accordingly, the Commission did not address the issue in its Final Order. Moreover, none of the parties – including the Committee – were prohibited from raising legal arguments (including constitutional arguments) during the course of the proceeding. The Committee does not assert otherwise, nor does it provide any reasonable explanation of why it could not have raised such issue within the extensive proceedings provided by the Commission for this case.

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

DIMITRI, Commissioner, dissents:

I dissent from the instant Order and would grant reconsideration for the reasons set forth in my separate opinion on this matter included in the Final Order.

¹ Final Order at 16.

² Petition at 11 (footnote omitted).

³ *Id.* at 10 (footnote omitted).

⁴ *Id.* at 8.

**CASE NO. PUE-2015-00028
OCTOBER 23, 2015**

APPLICATION OF
NORTHERN NECK ELECTRIC COOPERATIVE

For approval of prepaid electric service tariff

ORDER ON APPLICATION

On March 2, 2015, Northern Neck Electric Cooperative ("NNEC" 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 new proposed voluntary tariff, designated Schedule PE, for the Cooperative to allow certain NNEC residential customers to establish and maintain a prepaid balance for their electric service ("Prepaid Electric Service").¹ The Cooperative also proposed the addition of a new Appendix C to its Terms and Conditions of Service to address NNEC's Prepaid Electric Service.²

On March 30, 2015, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, docketed this proceeding; directed NNEC to provide public notice of its Application; ordered the Commission's Staff ("Staff") to investigate and file testimony addressing the Application; provided opportunities for interested persons to comment, intervene, and participate in this proceeding; scheduled an evidentiary hearing on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission and to file a report.

On June 16, 2015, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed a notice of intent to participate in this proceeding.

On August 20, 2015, Staff filed the testimony and exhibits of its witness, Brian S. Pratt. On September 16, 2015, NNEC filed the rebuttal testimony of its witness, Richard E. McLendon.

On September 29, 2015, the Cooperative filed a Joint Motion to Approve Stipulation and accompanying Stipulation. On October 1, 2015, the evidentiary hearing on the Application was convened and evidence was received into the record. During the hearing, NNEC presented the Stipulation³ in which, among other things, the Cooperative agreed to modify its proposed Schedule PE and Appendix C from the original Application, as described in NNEC witness McLendon's rebuttal testimony, such that:

- any minimum taxes will be converted to a daily rate consistent with the billing of fixed monthly charges;
- the Prepaid Electric Service Connection Fee will not be applied to a customer seeking to reestablish Prepaid Electric Service when the customer previously had been served under the Prepaid Electric Service Tariff within the preceding twelve months; and
- regarding the eight customers for whom NNEC made special arrangements to accommodate equipment with which remote metering equipment interfered, to the extent that any of these customers express an interest in participating in the Prepaid program, NNEC will arrange for the equipment necessary to reestablish daily meter reading capability to be installed at no extra cost to the member, meaning that the standard Prepaid Electric Service Connection Fee will be assessed for establishing Prepaid service, but the member will not be assessed an added Vehicle Trip charge.

Further, in the Stipulation, NNEC agreed that approval of Schedule PE shall be subject to certain conditions, including that the Cooperative: agrees to share its educational materials with Staff and to work together with Staff to develop and refine the education process and materials prior to offering Prepaid Electric Service to members;

- will offer members choosing Prepaid Electric Service an In-Home Display ("IHD") unit, with this requirement being suspended pending further review and action by the Commission after the receipt of one or more annual reports;
- will include in such annual reports sufficient data to perform a cost-benefit analysis of deploying IHD units; and
- will track, file, and make annual reports of information consistent with Items 1 through 11 of Appendix A of the Hearing Examiner's Report in Case No. PUE-2011-00091,⁴ including the following information:

1. The total number of new residential accounts during the reporting period and the number of new residential accounts selecting Prepaid Electric Service.

¹ Exhibit 2 (Application) at 1, 4-5.

² *Id.* at 9.

³ NNEC and Staff signed the Stipulation. Consumer Counsel indicated at the hearing that it did not object to the Stipulation. Tr. at 6.

⁴ See *Application of Rappahannock Electric Cooperative, For approval of prepaid electric service tariffs*, Case No. PUE-2011-00091, Hearing Examiner's Report, at Appendix A.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

2. The number of Prepaid Electric Service participants over the course of the reporting period, disaggregated to show how many: (a) remained in the program from the time they enrolled; (b) were terminated from the program as a result of a service suspension and final billing; and (c) voluntarily left the program to either return to a traditional credit-billed tariff or to discontinue service at that location.
3. The number of participants who, at the time of enrollment had (a) a past due bill; (b) an arrearage balance; (c) a newly imposed or modified deposit requirement; (d) a pending disconnection for nonpayment; or (e) a current service disconnection for nonpayment.
4. The number of participants, by month, who permitted their prepaid credits to run down to zero causing their service to be suspended.
5. The average amount of time, by month, between when service was suspended and when a positive prepayment balance was re-established.
6. The average amount of time, by month, that it took for service to be restored following payments that re-established a positive balance.
7. The number of times, by month, in which service was not restored within three hours following payments that re-established a positive balance on a customer's account.
8. For all program participants, the change, if any, in usage levels when served on a credit-billed tariff and when served on a Prepaid Electric Service tariff, measured in the context of normal weather to recognize differences for heating/cooling degree days during the respective usage periods.
9. The average number and amount of payments made by program participants by month.
10. Data showing the number and relative percentage of payments made using the various payment methods (*i.e.* in-person cash, telephone, Internet).
11. The percentage of payments to which an additional "convenience fee" applied.

On October 5, 2015, Hearing Examiner Howard P. Anderson, Jr., filed the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") regarding this proceeding. In his Report, the Hearing Examiner summarized the history and record in this case and recommended that the Commission enter an order that: (1) adopts the findings set forth in the Report; (2) accepts the Stipulation; and (3) grants the Cooperative the authority to implement its proposed prepaid metering service.⁵ Specifically, the Hearing Examiner found that the Stipulation is acceptable and the Cooperative's proposed prepaid metering service is not contrary to the public interest.⁶ Further, the Hearing Examiner found that there is no need to allow an opportunity for comments on the Report, given his recommendation for approval of the proposed Stipulation.⁷

NOW THE COMMISSION, upon consideration of the Application and applicable statutes, is of the opinion and finds that the Report and the Stipulation should be adopted. Specifically, we find as follows:

Section 56-247.1 A 7 of the Code expressly allows an electric cooperative such as NNEC 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.⁸

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."⁹

We find that NNEC's tariff for Prepaid Electric Service, as modified throughout this case, is not contrary to the public interest only because the Cooperative is subject to the requirements set forth in the Stipulation.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the October 5, 2015 Hearing Examiner's Report hereby are adopted as provided herein.
- (2) In accordance with the findings made herein, the Stipulation attached to the Report as Attachment A is adopted and its terms incorporated herein.

⁵ Report at 2.

⁶ *Id.*

⁷ *Id.*

⁸ Va. Code § 56-247.1 A 7.

⁹ *Id.*

(3) The Cooperative shall file the Prepaid Electric Service tariff approved herein with the Clerk of the Commission no less than thirty (30) days prior to offering Prepaid Electric 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>.

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

**CASE NO. PUE-2015-00030
APRIL 28, 2015**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of an amendment to Attachment A to the Amendment to and Restatement of Delivery Interconnect Agreements for the Existing Culpeper M&R Station pursuant to the Utility Affiliates Act

ORDER GRANTING APPROVAL

On March 5, 2015, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ Ordering Paragraph (6) of the Commission's September 17, 2014 Order Granting Approval in Case No. PUE-2014-00058 ("2014 Order"),² and the Revised Affiliate Point of Delivery Policy ("Revised POD Policy") with its affiliate, Columbia Gas Transmission, LLC ("TCO"), approved therein.³ The Application seeks approval of an amendment to the Point of Delivery ("POD") Attachment A ("Amended Culpeper Attachment A") for the existing Culpeper Measurement and Regulation Station #802831 (the "Culpeper M&R Station") to the Amendment to and Restatement of Delivery Interconnect Agreements, effective September 15, 2014, by and between CGV and TCO.⁴

The Application states that on January 30, 2015, CGV and TCO entered into a Letter Agreement providing for certain measurement and regulation modifications at the Culpeper M&R Station, and to replace the previously existing Culpeper POD Attachment A with the Amended Culpeper Attachment A to reflect the modified O&M responsibilities of CGV and TCO for the newly constructed and/or installed equipment at the Culpeper M&R Station. The Company represents that the modifications are necessary to replace aging equipment at the Culpeper M&R Station, which is the only POD serving the area.⁵ The Company further represents that the Culpeper M&R Station modifications are expected to cost CGV approximately \$1.2 million, of which approximately \$49,708⁶ will be paid by CGV to TCO. The Company represents that CGV's payment to TCO of approximately \$49,708 reflects estimates for third-party engineering, procurement, and construction costs and TCO labor costs.

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² See *Application of Columbia Gas of Virginia, Inc., For approval of a Purchase and Sale Agreement, a Restated and Amended Delivery Interconnect Agreement, and a Revised Point of Delivery Policy pursuant to the Utility Affiliates Act and the Utility Transfers Act*, Case No. PUE-2014-00058, Doc. Cont. Cen. No. 140920155, Order Granting Approval (Sept. 17, 2014). Case No. PUE-2014-00058 is referred to hereafter as the "2014 Case."

³ *Id.* at 4. The previous POD Policy, which was better known as CGV's Point of Delivery Requests Policy, was initially approved in Case No. PUA-1995-00025. See *Application of Commonwealth Gas Services, Inc., For approval of agreements with affiliates*, Case No. PUA-1995-00025, 1996 S.C.C. Ann. Rept. 118, Order Granting Approval (July 18, 1996). On December 9, 2008, TCO converted from a corporation to a limited liability company. In its Order Granting Approval in Case No. PUE-2008-00115, the Commission, among other things, approved the name and incorporation change of TCO in the terms and conditions of 122 agreements, arrangements, and policies with TCO, including a list of existing POD agreements and arrangements between CGV and TCO, as well as CGV's then-current POD Policy. See *Application of Columbia Gas of Virginia, Inc., For approval of various agreements, arrangements and policies between Columbia Gas of Virginia, Inc., and Columbia Gas Transmission, LLC, under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2008-00115, 2009 S.C.C. Ann. Rept. 354, Order Granting Approval (Feb. 27, 2009) ("TCO Order").

⁴ In 2014, following a review of the then-existing POD agreements and arrangements with TCO approved in the TCO Order, the Company determined that ownership of certain assets ("POD Assets") and/or operation and maintenance ("O&M") responsibilities should be transferred to CGV from TCO. Therefore, the Company filed an application with the Commission in the 2014 Case in order to align ownership of the POD Assets with its obligation as an operator under 49 CFR Part 192 to operate and maintain such assets. As part of the realignment, CGV and TCO requested approval of the transfer of ownership of certain POD Assets, as identified therein, as well as the Restatement and Amendment, and an amendment to the POD Attachment A thereto, to reflect the transfer of ownership and/or the modification and clarification of O&M responsibilities at all 72 existing PODs, including the Culpeper M&R Station. In that proceeding, CGV also requested approval of the Revised POD Policy, which sets forth the policy for establishing new PODs and modifications of existing PODs going forward, and an associated model POD Attachment A ("Model Attachment A"), which details the ownership and O&M responsibilities for new PODs. The Commission authorized the transfer of the POD Assets and approved the Restatement and Amendment, the Revised POD Policy, and the associated Model Attachment A in the 2014 Order. See *supra* n.2.

⁵ The Company represents that, in accordance with the Revised POD Policy approved in the 2014 Case, CGV examined the possible alternatives to the proposed modifications of the Culpeper M&R Station. Since the Culpeper M&R Station is the only POD serving the area, the only viable alternative to the proposed modifications would be to construct a new POD, which CGV states would be significantly more expensive and would require additional time and resources. Accordingly, the Company represents that the modification of the Culpeper M&R Station is the most economical and practical option for CGV to continue to provide reliable gas supply to its customers in this area. Application at 9.

⁶ CGV states that it will pay TCO the actual, rather than the estimated, cost of such activities. Application at 6.

The Company states that, in accordance with the Revised POD Policy approved in the 2014 Case, CGV is requesting Affiliates Act approval to the extent that certain elements of the Amended Culpeper Attachment A do not conform to the Model Attachment A.⁷ The Company represents that the limited non-conforming O&M obligations of CGV and TCO for new and existing station equipment are necessary to accommodate site-specific considerations at the Culpeper M&R Station. The Company states that the Amended Culpeper Attachment A will continue to align CGV's ownership of the POD Assets following the upgrade with its obligations as an operator under 49 CFR Part 192⁸ to operate and maintain such assets, which are integral to the provision of natural gas distribution service by CGV. Finally, the Company states that no assets will be transferred between CGV and TCO as part of the Culpeper M&R Station upgrade.

NOW THE COMMISSION, upon consideration of the Application and the representations of the Company, and having been advised by its Staff, is of the opinion and finds that the above-described Amended Culpeper Attachment A is in the public interest and should, therefore, be approved subject to the requirements recommended in the Staff's Action Brief filed contemporaneously with this Order and noted herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Company is hereby granted approval of the Amended Culpeper Attachment A, effective as of the date of the entry of this Order, subject to the requirements set forth herein.

(2) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Amended Culpeper Attachment A.

(3) Separate Affiliates Act approval shall be required for any changes to the Amended Culpeper Attachment A, to the extent that such changes do not conform to the Revised POD Policy approved in the 2014 Order.

(4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(5) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission.

(6) The Company shall include all transactions associated with the approval granted herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of Utility Accounting and Finance ("UAF Director") on or before May 1 of each year, which deadline may be extended administratively by the UAF Director.

(7) In the event that CGV's annual informational filings or expedited or general rate case filings are not based on a calendar year, then CGV shall include the affiliate information contained in its ARAT in such filings.

(8) The approval granted herein shall supplement the approvals granted in the 2014 Order and the TCO Order.

(9) The notice, filing and reporting requirements contained in the TCO Order and the 2014 Order shall apply to the Amended Culpeper Attachment A approved herein.

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

⁷ In the Application, the Company identifies and discusses the four POD components in the Amended Culpeper Attachment A that do not conform to the Model Attachment A. See Application at 6-8.

⁸ See Code of Federal Regulations, Title 49, Subtitle B, Chapter 1, Subchapter D, Part 192 (Transportation of Natural and Other Gas by Pipeline: Minimum Federal Safety Standards).

**CASE NO. PUE-2015-00031
NOVEMBER 2, 2015**

PETITION OF
GLENN M. HELLER and
SHEILA E. FRACE

v.

WASHINGTON GAS LIGHT COMPANY

For review of a pipeline realignment project through Pimmit Hills subdivision in Fairfax County, Virginia

FINAL ORDER

On March 5, 2015, Glenn M. Heller and Sheila E. Frace ("Petitioners") filed with the State Corporation Commission ("Commission") a petition requesting a public hearing regarding a pipeline realignment project ("Project") planned by Washington Gas Light Company ("WGL" or "Company") through the Pimmit Hills subdivision in Fairfax County ("Petition"). On March 11, 2015, the Commission issued an Order docketing the case and directing WGL to file a response to the Petition ("Response").

On March 26, the Company filed its Response requesting the Commission to deny the Petitioners' request for a public hearing. Among other things, WGL asserted that the Project was "an ordinary extension or improvement in the usual course of business," and therefore, does not require a certificate of public convenience and necessity ("Certificate") and an associated public hearing.¹

On April 22, 2015, the Commission issued an Order Appointing a Hearing Examiner that appointed a Hearing Examiner "to conduct all further proceedings in the matter on behalf of the Commission." On May 12, 2015, the Hearing Examiner issued a Ruling finding that it was "appropriate to schedule a hearing on the Petition wherein the parties will be afforded the opportunity to put on evidence and to present oral argument relative to whether the Project requires a [Certificate] and/or a public hearing associated with the issuance of a [Certificate]." On June 10, 2015, the Hearing Examiner issued a Ruling establishing an order of proceedings for the public hearing on June 24, 2015.

A public hearing was convened, as scheduled, on June 24, 2015. By Ruling issued on July 14, 2015, the Hearing Examiner established a date for the parties to file post-hearing briefs. Petitioners, WGL, and Staff filed post-hearing briefs on August 4, 2015.

On August 26, 2015, Hearing Examiner A. Ann Berkebile issued her report ("Report"). In her Report, the Hearing Examiner concluded that the Project does not require a Certificate or associated public hearing pursuant to § 56-265.2:1 of the Code of Virginia ("Code"), and that the Project constitutes an ordinary extension or improvement in the usual course of business as contemplated by § 56-265.2 of the Code.² The Hearing Examiner recommended that the Commission adopt the findings in the Report, deny the Petition, and dismiss the case. WGL filed a letter in support of the Hearing Examiner's recommendations. No other comments on the Report were filed.

NOW THE COMMISSION, upon consideration of the record herein, finds that the Petition should be denied. Section 56-265.2:1 of the Code requires the Commission to conduct a public hearing when a Certificate is required for the construction of a new gas pipeline if "any interested party" requests such a hearing. Pursuant to § 56-265.2 A of the Code, however, a Certificate is not required for a public utility's construction, enlargement, or acquisition of "facilities for use in public utility service" when such facilities constitute "an ordinary extension or improvement in the usual course of business." We find that the Project constitutes "an ordinary extension or improvement in the usual course of business" and therefore does not require a Certificate and public hearing associated with the issuance of a Certificate.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition hereby is denied.
- (2) This matter is dismissed.

¹ Response at 2.

² Report at 7.

**CASE NO. PUE-2015-00032
APRIL 24, 2015**

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

ORDER GRANTING APPROVAL

On March 10, 2015, Appalachian Power Company ("APCo") and American Electric Power Service Corporation ("AEPSC") (collectively, the "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") that requests approval, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ of a HomeServe Service Agreement ("Support Agreement") by which AEPSC will provide certain business, accounting, and customer services ("Support Services") to APCo. The Support Services will facilitate a HomeServe USA Corp. Master Services Agreement ("HomeServe Agreement") that various American Electric Power Company, Inc. ("AEP"), affiliates, including APCo and AEPSC, have entered, or plan to enter into, with HomeServe USA Corp. ("HomeServe USA"). The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of confidential information contained in the Application, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

APCo is a Virginia public service corporation that provides electric generation, transmission, and distribution service to approximately 959,000 retail customers in the southwestern portion of Virginia and southern West Virginia. AEPSC is a centralized service company that provides managerial, administrative, supervisory, accounting, financial, legal, technical, and other services to AEP and its affiliates.

HomeServe USA is the U.S. subsidiary of HomeServe plc, a home protection service company headquartered in the U.K. HomeServe USA plans to partner with APCo to market by direct mail several programs for the repair of residential customers' domestic infrastructure and related systems ("Home Warranty Programs") in Virginia and West Virginia.² The Home Warranty Programs will cover any or all of the following systems: (1) exterior electrical

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

² The Home Warranty Programs will be offered to residential customers only. There are no plans to market the Home Warranty Programs to commercial or industrial customers.

line; (2) interior electrical line; (3) heating system; (4) cooling system; (5) water heater; (6) exterior water service line; (7) exterior sewer/septic line; (8) interior plumbing and drainage system; (9) surge protection; and (10) other systems as appropriate.³

The Applicants represent that the HomeServe Agreement between AEPSC and HomeServe USA is not subject to the Affiliates Act. However, the Applicants request approval of the Support Services that AEPSC plans to provide to APCo to facilitate the HomeServe Agreement. The Support Services are not covered by the existing AEPSC-APCo service agreement approved by the Commission and, therefore, such additional affiliate services require separate Affiliates Act review and approval before they may be undertaken.⁴

Under the Support Agreement, AEPSC will provide to APCo the following Support Services to facilitate the HomeServe Agreement:

- 1) Provide support in compiling residential customer information pursuant to the HomeServe Agreement;
- 2) Provide support in applying charges to bills of customers subscribing to the HomeServe Agreement home warranty programs;
- 3) Review HomeServe USA marketing materials;
- 4) Collect, account for and remit payments from customers to and receive payments from HomeServe USA under the HomeServe Agreement;
- 5) Maintain the books and records of APCo with regard to the HomeServe Agreement and prepare all monthly entries to the ledgers and develop and maintain any accounting and business systems that support APCo in fulfilling its obligations under the HomeServe Agreement; and
- 6) Supervise, manage, and support APCo personnel providing customer service assistance to and/or train APCo personnel to provide customer service assistance to APCo customers who subscribe to HomeServe Agreement home warranty programs.

The Support Services will be provided at cost, and the Support Agreement has a term of five years. The Applicants represent that the proposed Support Agreement is more economical than if APCo were to contract with an unaffiliated third party or to provide the Support Services itself.

NOW THE COMMISSION, upon consideration of the Application and comments of the Applicants, and having been advised by its Staff, is of the opinion and finds that the proposed Support Agreement is in the public interest and should be approved subject to certain requirements set forth in Staff's Action Brief. For the only condition recommended in Staff's Action Brief with which the Applicants do not agree, the Commission finds the form of verification recommended by the Applicants to be appropriate and further directs APCo to regularly update and provide such verification as part of APCo's Annual Report of Affiliate Transactions ("ARAT"). The Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.⁵

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the proposed Support Agreement subject to the requirements set forth herein.
- (2) The approval granted herein is conditioned on the Applicants' verification, as required herein, that any home protection services provided to APCo's customers pursuant to the HomeServe Agreement and Support Agreement shall be in compliance with any and all applicable provisions of the Code regarding the establishment, licensing, operation, or marketing of home protection companies in the Commonwealth of Virginia.
- (3) The approval granted herein shall be limited to five years from the effective date of the Order Granting Approval in this case.
- (4) The approval granted herein shall be limited to the Support Services specifically identified and described in the Application. Should APCo wish to receive additional services from AEPSC other than those described in the Application, separate Commission approval shall be required.
- (5) Any marketing material sent to APCo's Virginia customers shall clearly indicate that (a) HomeServe USA is providing the Home Warranty Programs and is unaffiliated with APCo; (b) any such programs offered by HomeServe USA are optional; and (c) APCo has no direct involvement in, and bears no legal responsibility for, the Home Warranty Programs.
- (6) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Support Agreement.
- (7) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Support Agreement, including changes in allocation methodologies and successors and assigns.

³ The monthly charges for each type of service are shown in confidential Exhibit A to the HomeServe Agreement.

⁴ *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, Doc. Con. Cen. No. 121030127, Correcting Order at Ordering Paragraph 3 (Oct. 22, 2012) ("The authority granted herein shall be limited to Centralized Services specifically identified in the Proposed Agreement. Should APCo wish to obtain additional services from AEPSC, further Commission approval shall be required.")

⁵ The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information contained in the 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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(8) APCo shall maintain records to demonstrate any services provided by AEPSC to APCo are cost beneficial to Virginia customers and that, for all services provided to APCo where a market and market price may exist, APCo shall bear the burden of showing that APCo paid the lower of cost or market for such services.

(9) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.

(10) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(11) APCo shall file a signed and executed copy of the Support Agreement, within thirty (30) days of the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(12) APCo shall be required to include all transactions associated with the Support Agreement in its ARAT submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information that

APCo currently provides, APCo shall include in the ARAT the following Support Agreement information:

- (a) The case number in which the transactions were approved;
- (b) Identification of the APCo affiliate(s) involved in each transaction;
- (c) Description of each transaction and the specific service provided;
- (d) Transactions by month; and
- (e) Dollar amount either paid to, or received by, APCo for each transaction per month.

APCo shall also include in the ARAT verification, which shall be affirmed or updated as appropriate, regarding the establishment, licensing, operation, or marketing of any home protection companies, producers, or obligors relevant to the approval granted herein.

(13) In the event that APCo's annual informational filings or base rate proceedings are not based on a calendar year, then APCo shall include the affiliate information contained in its ARAT in such filings.

(14) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00034
NOVEMBER 16, 2015**

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 March 31, 2015, 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 orders issued in Case No. PUE-2014-00007,¹ filed with the State Corporation Commission ("Commission") a Petition seeking approval of a rate adjustment clause, designated as the RPS-RAC, to recover the incremental costs of the Company's participation in Virginia's renewable energy portfolio standard program, effective February 1, 2016, through January 31, 2017.

Through its proposed RPS-RAC, APCo seeks approval of an approximately \$8.6 million revenue surcredit for the Company's Virginia jurisdictional customers.² The Company indicates that this surcredit results from actual and projected costs associated with wind purchased power agreements ("Wind PPAs") for the period August 1, 2012, through January 31, 2017, reduced by (1) projected net proceeds associated with sales of renewable energy credits ("RECs"); and (2) an actual over-recovery balance as of January 31, 2015.³ The over-recovery balance calculated by the Company is attributed to the RPS-RAC rates that were previously approved by the Commission, the most recent of which expired January 31, 2015.⁴

¹ *Petition of Appalachian Power Company, For approval to revise a rate adjustment clause: RPS-RAC, for the recovery of the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E, Case No. PUE-2014-00007, 2014 S.C.C. Ann. Rept. 369, Order (Nov. 26, 2014) ("2014 RPS Order"), Doc. Con. Cen. No. 150110357, Order on Reconsideration (Jan. 15, 2015).*

² Ex. 2 (Petition) at 1, 8.

³ Ex. 9 (Simmons Direct) at 3.

⁴ Ex. 2 (Petition) at 3, 5.

For its proposed incremental cost calculation, the Company states that it subtracted "non-incremental" or "avoided" costs from the total costs of the Wind PPAs.⁵ In Case No. PUE-2014-00007, the Commission denied proposed revisions to the RPS-RAC after finding, among other things, that the record of that case was insufficient to conclude what should serve as a reasonable estimate for avoided capacity costs after January 1, 2014, when the Interconnection Agreement ("Pool Agreement") between APCo and certain affiliates terminated.⁶ In doing so, the Commission directed APCo to file, as part of the current Petition, information regarding a range of possible proxy calculations for determining avoided capacity and energy costs.⁷

To estimate avoided capacity costs after January 1, 2014, APCo's Petition proposed to use a fixed resource requirement ("FRR") capacity rate that, according to the Company, represents the embedded cost of generation resources owned by the Company.⁸ For this period, the Petition also presented, in accordance with the Commission's directive in Case No. PUE-2014-00007, an analysis of various other options to calculate the Company's avoided capacity costs for this period, including costs associated with combined-cycle and combustion-turbine ("CT") natural gas generation resources and prices from capacity auctions conducted by PJM Interconnection, LLC ("PJM").⁹ To calculate avoided energy costs after January 1, 2014, APCo proposed to use PJM system energy prices.¹⁰ To calculate avoided capacity and energy costs prior to January 1, 2014, APCo proposed to use the methodology approved by the Commission in prior proceedings.¹¹

On April 9, 2015, the Commission entered an Order for Notice and Hearing ("Procedural Order") that, among other things, directed the Company to provide notice of its Petition; established a procedural schedule; and assigned the matter to a Hearing Examiner to conduct all further proceedings, concluding with the issuance of a report containing the Hearing Examiner's findings and recommendations. By ruling dated June 9, 2015, the Hearing Examiner granted the Motion to Adjust Publication Schedule filed by the Company, rescheduling the hearing and adjusting the remaining filing deadlines.

Notices of Participation were filed by the VML/VACo APCo Steering Committee ("Steering Committee"); the Old Dominion Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). In accordance with the Commission's Procedural Order, the Committee filed testimony on August 7, 2015, and the Staff of the Commission ("Staff") filed its testimony on August 21, 2015. The Company filed rebuttal testimony on September 3, 2015.

On September 16, 2015, the hearing convened as scheduled. The Company presented a Stipulation, signed by the Company, Steering Committee, Committee, and Staff. Consumer Counsel represented that it did not object to the Stipulation. The Stipulation recommends an agreed-upon resolution of issues related to the Petition, including the previously contested methodology for calculating APCo's Virginia jurisdictional incremental Wind PPA costs for January 1, 2014 – January 31, 2017. Specifically, for this period of costs, the parties to the Stipulation agreed that APCo shall use the PJM Hourly System Energy price as the proxy for avoided energy costs, and the PJM RTO Net Cost of New Entry ("Net CONE") Unforced Capacity ("UCAP") value as the proxy for avoided capacity costs (together, the "Incremental Cost Methodology").¹² The PJM RTO Net CONE UCAP value is based on the cost to build a CT generation facility.¹³ The Stipulation sets forth an agreed-upon revenue requirement of (\$7,617,465),¹⁴ based on the Incremental Cost Methodology, which shall be credited according to the allocation and rate design described by the Company in witness Simmons' testimony.¹⁵

On October 6, 2015, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was issued. In his Report, the Hearing Examiner recommended that the Commission accept the Stipulation and direct the Company to credit \$7,617,465 through the RPS-RAC.¹⁶

NOW THE COMMISSION, upon consideration of the record in this case and the applicable statutes, is of the opinion and finds that the Stipulation is reasonable and should be adopted.

⁵ *Id.* at 4.

⁶ 2014 RPS Order at 12-14, 16.

⁷ *Id.* at 14-15.

⁸ Ex. 2 (Petition) at 4.

⁹ *Id.* at 6-7.

¹⁰ *Id.* at 4.

¹¹ *Id.* at 4-5. See *Petition of Appalachian Power Company, For approval to revise a rate adjustment clause: RPS-RAC, for the recovery of the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2012-00094, 2013 S.C.C. Ann. Rept. 283, Final Order (May 9, 2013) ("2013 RPS Order"); *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program, pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2011-00034, 2011 S.C.C. Ann. Rept. 471, Order Approving Rate Adjustment Clause (Nov. 3, 2011) ("2011 RPS Order").

¹² Ex. 1 (Stipulation) at 2.

¹³ See, e.g., Tr. 21 (Castle).

¹⁴ This revenue requirement of (\$7,617,465) is comprised of the following: (1) actual and projected Wind PPA costs of \$4,771,368, for the period January 1, 2014 – January 31, 2017; (2) the booked over-recovered RPS-RAC balance of \$4,343,084 as of January 31, 2015; (3) projected February 1, 2015 – January 31, 2017 net REC proceeds of \$8,121,801; and (4) projected Generation Attribute Tracking System volumetric fees of \$76,052 for February 1, 2015 – January 31, 2017. Ex. 1 (Stipulation) at 2-3.

¹⁵ *Id.* at 3.

¹⁶ On October 7, 2015, the Hearing Examiner filed an Errata to his Report.

Code of Virginia

APCo seeks approval of its proposed RPS-RAC pursuant to Va. Code § 56-585.1 A 5 d, which allows a utility to petition the Commission for approval of a rate adjustment clause for the recovery of the following costs:

Projected and actual costs of participation in a renewable energy portfolio standard program pursuant to § 56-585.2 that are not recoverable under subdivision 6. The Commission shall approve such a petition allowing the recovery of such costs as are provided for in a program approved pursuant to § 56-585.2;...

APCo also seeks approval under Va. Code § 56-585.2 E, which provides, in part, as follows:

A utility participating in such program shall have the right to recover all incremental costs incurred for the purpose of such participation in such program, as accrued against income, through rate adjustment clauses as provided in subdivisions A 5 and A 6 of § 56-585.1, including, but not limited to, administrative costs, ancillary costs, capacity costs, costs of energy represented by certificates described in subsection A.... All incremental costs of the RPS program shall be allocated to and recovered from the utility's customer classes based on the demand created by the class and within the class based on energy used by the individual customer in the class, except that the incremental costs of the RPS program shall not be allocated to or recovered from customers that are served within the large industrial rate classes of the participating utilities and that are served at primary or transmission voltage.

Stipulated Calculation of Incremental Costs

Pursuant to § 56-585.2 E of the Code, a utility "shall have the right to recover all incremental costs incurred for the purpose of [] participation in [the RPS] [P]rogram, as accrued against income, through rate adjustment clauses as provided in subdivisions A 5 and A 6 of § 56-585.1, including, but not limited to, administrative costs, ancillary costs, capacity costs, costs of energy represented by certificates described in subsection A" We have previously determined that, to calculate incremental costs of the Wind PPAs under the applicable statutes, non-incremental costs are subtracted from the total cost of the Wind PPAs.¹⁷ We have also previously found that such non-incremental costs should be based on a reasonable estimate of the costs APCo would have incurred to obtain replacement energy and capacity, plus any impacts on off-system sales, in the absence of the Wind PPAs.¹⁸

In the 2014 RPS Order, we found that the record in that prior case did not support the Company's contested proposal to use the FRR capacity rate to calculate the avoided capacity cost associated with the Wind PPAs during the post-Pool Agreement period, or the Committee's recommended alternative proposal to use a market-based capacity price reflected in the PJM Reliability Pricing Model ("RPM") auction rate.¹⁹ The record also was not sufficiently developed to conclude how selection of a reasonable estimate for the avoided capacity cost component may, or may not, impact the selection of a reasonable estimate for the avoid energy cost component.²⁰

In contrast, we find that the record in the instant proceeding supports the uncontested Incremental Cost Methodology proposed in the Stipulation, and shall be used for calculating a reasonable estimate of the costs that, for the relevant period, APCo would have incurred to obtain replacement energy and capacity if the Wind PPAs did not exist. For example, the record identifies a CT generation facility as "the least expensive, viable option for replacing the capacity associated with the Wind PPAs."²¹ As Company witness Torpey explained:

For the CT unit, the calculated CONE value represents the least cost option to add a physical asset that is built for the sole purpose of providing capacity. CT units are added to satisfy capacity needs...for only a few hours a year. In this regard, the CT CONE value could be considered an adequate proxy for the avoided capacity value of a renewable resource.²²

Further, the Incremental Cost Methodology's use of PJM RTO Net CONE prices to estimate the avoided capacity cost, in conjunction with PJM Hourly System Energy prices to estimate the avoided energy cost, is reasonable for the relevant period of costs.²³ Accordingly, we find that the Stipulation, as supported by the record, provides a reasonable estimate of the costs APCo would have incurred to obtain replacement capacity and energy if the Wind PPAs did not exist and therefore provides an appropriate basis to calculate incremental costs of the Wind PPAs under the applicable statutes.²⁴

¹⁷ See, e.g., 2011 RPS Order; 2014 RPS Order.

¹⁸ *Id.*

¹⁹ 2014 RPS Order at 13-14. The record of the current proceeding indicates that APCo continues to participate as an FRR entity and is not eligible to purchase capacity in the RPM auctions. See, e.g., Ex. 4 (Castle Direct) at 6; Ex. 7 (Torpey Direct) at 10. Accordingly, similar to the 2014 proceeding, the record does not support either the FRR rate or RPM capacity price as what APCo pays, or would pay, for capacity in the absence of the Wind PPAs.

²⁰ 2014 RPS Order at 14.

²¹ Ex. 11 (Abbott) at 11-12.

²² Ex. 7 (Torpey Direct) at 9.

²³ See, e.g., Tr. 21 (Castle); Ex. 7 (Torpey Direct) at 4-5, 8; Ex. 13 (Torpey Rebuttal) at 9-11.

²⁴ We also find to be reasonable the terms of the Stipulation not specifically addressed herein, including the methodology proposed for calculating incremental costs before termination of the Pool Agreement.

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 Energy Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) The revised RPS-RAC, as approved herein, shall become effective for service rendered on and after February 1, 2016.
- (5) The Company shall file its next RPS-RAC petition on or before June 1, 2016.
- (6) This matter is continued.

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

**CASE NO. PUE-2015-00035
DECEMBER 30, 2015**

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

In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On July 1, 2015, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") the Company's Integrated Resource Plan ("IRP") pursuant to § 56-599 of the Code of Virginia ("Code").

Dominion's IRP encompasses the 15-year planning period from 2016 to 2030.¹ The Company's stated objective in developing this IRP was to identify the mix of resources necessary to meet future energy and capacity requirements in an efficient and reliable manner at the lowest reasonable cost, while considering future uncertainties. According to the Company, these uncertainties include commodity price volatility; reliability concerns based on overreliance on any single fuel source; and changing regulatory requirements, particularly regulation by the United States Environmental Protection Agency ("EPA") to control carbon dioxide emissions from existing electric generation units under Section 111(d) of the Clean Air Act ("Clean Power Plan" or "CPP").²

When the Company filed its IRP, the Clean Power Plan was a proposed regulation. An unofficial version of the final federal regulation was not available until August 3, 2015, and the final regulation was not published in the Federal Register until October 23, 2015.³

Due to the future regulatory and market uncertainties at the time of the Company's IRP filing associated with, among other things, the Clean Power Plan, Dominion's IRP does not identify a preferred resource plan or a recommended path forward, other than a short-term action plan for the period 2016-2020.⁴ Instead, the IRP presents a set of alternative plans, which the Company indicates represent potential future paths, in an effort to test different resource strategies against plausible scenarios and sensitivities that may occur.⁵

On July 7, 2015, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, established a procedural schedule; set an evidentiary hearing date; directed Dominion to provide public notice of its IRP; and provided any interested person an opportunity to file comments on the Company's IRP or to participate in the case as a respondent by filing a notice of participation. Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); the Virginia Department of Environmental Quality ("DEQ"); the

¹ Exhibit ("Ex. ") 2 (IRP) at 2.

² *Id.*

³ *Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,662, Final Rule (Oct. 23, 2015). Also published on October 23, 2015, were: (1) a proposed federal implementation plan for the regulation of carbon dioxide emissions from existing electric generation units, and (2) performance standards for carbon dioxide emissions from new electric generation units. *Federal Plan Requirements for Greenhouse Gas Emissions From Electric Utility Generating Units Constructed On or Before January 8, 2014; Model Trading Rules; Amendments to Framework Regulations*, 80 Fed. Reg. 64,966, Proposed Rule (Oct. 23, 2015); *Standards of Performance for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64,510, Final Rule (Oct. 23, 2015).

⁴ Ex 2 (IRP) at 5, 130-36; Ex. 3 (Wohlfarth) at 7.

⁵ Ex 2 (IRP) at 5-7; Ex. 3 (Wohlfarth) at 3.

Virginia Committee for Fair Utility Rates; the Mid-Atlantic Renewable Energy Coalition ("MAREC"); and the Chesapeake Climate Action Network, Appalachian Voices, the Virginia Chapter of the Sierra Club, and the Natural Resources Defense Council (collectively, "Environmental Respondents").

The Commission's Order for Notice and Hearing also provided for the prefiling of testimony and exhibits by Dominion, respondents, and the Commission's Staff ("Staff"). The Company; Consumer Counsel; MAREC; Environmental Respondents; and Staff prefiled testimony in this proceeding.

Beginning on October 20, 2015, the Commission convened an evidentiary hearing on the Company's IRP. The Company; DEQ; Consumer Counsel; MAREC; the Environmental Respondents; and Staff participated in the hearing. At the outset of the hearing, the Commission received the testimony of public witnesses.⁶ Thereafter, the Commission received testimony and exhibits from Dominion, the respondents, and Staff. The hearing concluded, after closing arguments, on October 22, 2015.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Legal Sufficiency of Dominion's 2015 IRP

Pursuant to § 56-599 E of the Code, the Commission must, after giving notice and an opportunity to be heard, determine whether Dominion's IRP is reasonable and in the public interest. We find, based on the record of this proceeding and applicable statutes, that the Company's IRP is reasonable and in the public interest for the specific and limited purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code.

Environmental Respondents have argued that the Commission must reject the Company's IRP because the filing does not identify a preferred resource plan;⁷ however, the Code does not mandate the rejection of IRP filings that do not identify a preferred resource plan for achieving the various statutory objectives of integrated resource planning by electric utilities in the Commonwealth. While a utility may wish to identify its preferred resource plan in an IRP filing or proceeding, and the Commission has the discretionary authority to require such information, the Code does not require the Commission to reject IRP filings that do not include such a stated preference.⁸

In the instant proceeding, the Company's presentation of four resource plans specifically designed to meet the requirements of the proposed Clean Power Plan complies with previous Commission directives. In previous IRP proceedings, we have directed electric utilities in Virginia to consider and update various options for complying with the Clean Power Plan because of its significance to electric utility resource planning.⁹ In doing so, we have recognized that the ability to model options for compliance in Virginia and other states will, by necessity, require some degree of speculation until all stages of the regulatory, legal, and potentially legislative processes associated with the Clean Power Plan are complete.¹⁰

The record in the current proceeding demonstrates that significant uncertainty regarding Clean Power Plan compliance existed at the time the Company filed its IRP and will likely continue for some time. The record includes evidence, for example, that: (i) as discussed above, when the Company filed its IRP, the Clean Power Plan was a proposed regulation; (ii) the final regulation was first made public less than three months before the hearing and had not yet been published in the Federal Register at the time the hearing began;¹¹ (iii) the final regulation contains substantial differences from the proposed regulation;¹² (iv) state-specific compliance plans, which counsel for DEQ has advised the agency will develop for Virginia,¹³ are not yet known and can be submitted to the EPA as late as September of 2018;¹⁴ (v) many different pathways for compliance with the Clean Power Plan have complex and differing implications;¹⁵ and (vi) the EPA's model trading rule and the compliance option of a federal implementation plan have not yet been finalized.¹⁶

Consequently, based on the record, we do not find it to be reasonable to exercise our discretion in this proceeding to require Dominion to identify a preferred resource plan based on either the proposed version of the Clean Power Plan, which would be of limited value now that it has been superseded, or based on the final rule, which would be premature at this time. The lack of a preferred plan is reasonable in this case given the substantial regulatory and

⁶ The Commission also considered public comments filed pursuant to the Order for Notice and Hearing.

⁷ See Tr. 46-49, 52, 734-38.

⁸ Further, the IRP statutes provide, among other things, that "[e]ach integrated resource plan *shall consider options* for maintaining and enhancing rate stability, energy independence, economic development including retention and expansion of energy-intensive industries, and service reliability" and that each utility filing an IRP "may propose...[t]he most cost effective means of complying with current and pending state and federal environmental regulations, *including compliance options* to minimize effects on customer rates of such regulations." Va. Code § 56-599 (emphasis added).

⁹ See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2013-00097, 2014 S.C.C. Ann. Rept. 305, 306, Final Order (Nov. 26, 2014); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, 2014 S.C.C. Ann. Rept. 301, 303, Final Order (Aug. 27, 2014) ("2013 IRP").

¹⁰ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2013-00097, 2014 S.C.C. Ann. Rept. 305, 306, Final Order (Nov. 26, 2014).

¹¹ Ex. 22 (Walker) at 2, n.1.

¹² Tr. 572-74; Ex. 22 (Walker) at 2-4.

¹³ Tr. 52-53.

¹⁴ Tr. 461.

¹⁵ See, e.g., Tr. 415-25; 510-49.

¹⁶ Tr. 714-15.

planning uncertainty regarding the Clean Power Plan and, given the facts of this proceeding, the Commission will not reject the Company's IRP because it does not identify a preferred plan.

Consumer Counsel also questions the reasonableness of the IRP and recommends that the Commission reject it, based on an argument that the Company has failed to demonstrate that continuing expenditures on the potential North Anna 3 nuclear unit are reasonable and in the public interest.¹⁷ The Commission addresses Consumer Counsel's concerns related to North Anna 3 in more detail below; however, for purposes of determining the reasonableness of the Company's 2015 IRP filing, we do not find that the IRP should be rejected for the reasons discussed by Consumer Counsel. We have previously characterized the IRP proceeding in the following manner:

As such, the Commission's determination in this proceeding does not preclude the Commission from approving or rejecting a particular supply-side or demand-side resource in the future, nor does the Commission's determination in this case create any presumption in favor, or not in favor, of a particular resource, including generation construction projects, generation from non-utility generators, conservation or other options.¹⁸

Accordingly, the reasonableness and prudence of any actual or projected expenditures toward one or more specific demand- or supply-side resource options is not an issue in an IRP proceeding. Indeed, the Commission has previously held:

that actual expenditures incurred toward any specific resource option that has not been approved by this Commission in an applicable formal proceeding are incurred solely at the risk of [the Company's] stockholders. Further . . . finding that an IRP is reasonable and in the public interest under § 56-599 E of the Code in no manner represents - and should not be characterized as representing - explicit or implicit approval for construction or cost recovery of any specific resource option contained in the IRP.¹⁹

Therefore, as is noted above, we find Dominion's IRP to be in the public interest and reasonable for filing as a planning document, not as a document that will determine future Commission decisions on specific resources or the recovery of specific expenditures.

While the Commission finds that Dominion's IRP is reasonable and in the public interest for the purposes set forth herein, we also find that additional analysis in several areas shall be required in future IRP filings.²⁰

2016 IRP Requirements

North Anna 3

During this proceeding, Consumer Counsel has noted that expenditures related to North Anna 3 are rapidly being incurred without Dominion having applied for, much less having received, a certificate of public convenience and necessity ("CPCN") or rate adjustment clause ("RAC").²¹ We reiterated in the Final Order in the Company's 2015 biennial review proceeding what we have repeatedly stated in the past, 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 CPCN and/or RAC.²² In this proceeding, however, Dominion testified that it does consider such costs as ultimately recoverable from ratepayers and is booking them as recoverable.²³

As Consumer Counsel pointed out in both the 2015 Biennial Review proceeding and this proceeding, North Anna 3 costs continue to grow significantly. The evidence demonstrates that Dominion has already incurred approximately \$580 million in development costs related to North Anna 3 through September 30, 2015, and that, based on current forecasts, the total cost of North Anna 3, including an estimate of construction interest costs, would be approximately \$19.3 billion.²⁴ The Virginia jurisdictional share of this estimated \$19.3 billion capital investment would increase the total rate base for

¹⁷ See, e.g., Tr. 749-50. Other parties to this proceeding have also questioned the Company's assumptions, including price assumptions, for, among other things, wind and other renewable resources and demand-side management. See, e.g., Ex. 11 (Thumma); Ex. 9 (Goggin); Ex. 17 (Loiter).

¹⁸ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 296, Final Order (Oct. 5, 2012) (citing *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00096, 2010 S.C.C. Ann. Rept. 385, 387, Final Order (Aug. 6, 2010)).

¹⁹ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, Doc. Con. Cen. No. 120320147, Order on Certified Question at 4 (Mar. 19, 2012).

²⁰ The analyses required herein are in addition to any ongoing analyses the Commission has directed Dominion to perform in prior IRP proceedings.

²¹ See Tr. 59-60, 241-43, 748-49.

²² *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, Doc. Con. Cen. No. 151140125, Final Order at 21-22 (Nov. 23, 2015).

²³ Although Dominion acknowledged that its shareholders are currently at risk for the costs incurred for North Anna 3 (other than approximately \$310 million already permitted to be recovered in the Company's 2015 Biennial Review pursuant to statute), Dominion testified that it expects to recover its North Anna 3 costs from ratepayers. See, e.g., Tr. 495-96 ("our assessment, from an accounting standpoint, is that it's probable that we will recover that"); Tr. 497-98 ("when you've asked...who's at risk right now for the dollars that are being spent....clearly what we're saying is shareholders are however...the assessment is we're acting prudently, so we'll recover it.").

²⁴ See Ex. 13 (Norwood) at 5; Tr. at 472-73, 475-76.

the Virginia jurisdiction by approximately 100%,²⁵ and would obviously, if it were recoverable, represent a large enough increase in electric bills for residential and business customers to impact Virginia's economic climate.

While Consumer Counsel does not urge us to order Dominion to stop development of North Anna 3, nor does it ask Dominion to stop development, Consumer Counsel restates its request for us to initiate a separate proceeding to review the reasonableness and prudence of the costs Dominion continues to incur for North Anna 3 development.²⁶ Given that Dominion treats these growing costs as recoverable, and given that the General Assembly has already made a substantial portion of past development costs recoverable from ratepayers,²⁷ Consumer Counsel has raised a serious concern. 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.

Accordingly, we direct as follows. In its upcoming May 1, 2016 IRP filing, Dominion shall provide answers to the following questions:

- Pursuant to what authority does Dominion believe that the costs it plans to incur for North Anna 3 before receiving a CPCN or RAC are recoverable from its customers?
- Is there a dollar limit on how much Dominion intends to spend on North Anna 3 before applying to this Commission for a CPCN and/or RAC?
- Without a guarantee of cost recovery, what is the limit on the amount of costs Dominion can incur, prior to obtaining a CPCN, without negatively affecting (i) the Company's fiscal soundness, and (ii) the Company's cost of capital?
- Why are expenditures continuing to be made? Solely for NRC approval? Why in the Company's view is it necessary to spend at projected rates, specifically when the Company has not decided to proceed and does not have Commission approval?

Further, we find that in its upcoming IRP filing, Dominion must provide additional analysis related to the construction of North Anna 3. In its next IRP, the Company shall:

- update the timing analysis that it performed in this proceeding, and, in that timing analysis, quantify the trade-off between operating cost risks that may be increased and the cost savings that may be realized by delaying the construction of North Anna 3.²⁸

Extension of Nuclear Licenses

In Dominion's 2013 IRP, the Commission directed the Company to investigate the feasibility and cost of extending the lives and operating licenses of its four existing nuclear units (Surry Unit 1, Surry Unit 2, North Anna Unit 1, and North Anna Unit 2).²⁹ As the record in the instant proceeding indicates that the Company's investigation into the feasibility and cost of extending the operating licenses for these nuclear units remains ongoing, the Commission directs the Company to:

- continue to investigate the feasibility and cost of extending the operating licenses for Surry Unit 1, Surry Unit 2, North Anna Unit 1, and North Anna Unit 2; and
- prepare a report for its upcoming IRP filing on the status of the license extension process, which shall include, but is not limited to, a discussion of communications between the Company and the United States Nuclear Regulatory Commission concerning the operating license extensions, updated cost estimates of the license renewals, a timetable showing key dates in the renewal process, and the results of Strategist® model runs to determine the net present value of utility costs where it is assumed that the operating licenses for all of the nuclear units are extended for 20 years.³⁰

Clean Power Plan

Dominion's next IRP, which is due on or before May 1, 2016, will likely continue to be subject to significant uncertainty regarding which of several possible approaches will ultimately be chosen for complying with the Clean Power Plan. Virginia may not have decided before May 1, 2016, whether it will adopt a state implementation plan that includes a mass-based approach, a state implementation plan that includes an intensity-based approach,³¹ or a federal implementation plan. Despite these uncertainties, however, the Company's next filing should be able to provide information that is

²⁵ Ex. 13 (Norwood) at 7.

²⁶ See Tr. 245-46, 250-51.

²⁷ See Va. Code § 56-585.1 A 6; *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, Doc. Con. Cen. No. 151140125, Final Order at 5-7, 22 (Nov. 23, 2015).

²⁸ Ex. 24 (Abbott) at 35-36, 49. The Company shall also identify the optimum on-line date for North Anna 3 under the Clean Power Plan compliance options as is directed below. See Ex. 22 (Walker) at 8.

²⁹ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, 2014 S.C.C. Ann. Rept. 301, 302, Final Order (Aug. 27, 2014)

³⁰ See Ex. 24 (Abbott) at 36-39, 50.

³¹ The record refers to "intensity-based" and "rate-based" compliance interchangeably. An intensity-based (or rate-based) approach considers compliance on the basis of pounds of carbon dioxide emitted per megawatt hour, while a "mass-based" approach considers compliance based on the total tons of carbon dioxide emitted. See, e.g., Ex. 22 (Walker) at 4, n.5.

useful in assessing potential approaches for compliance and the costs and rate impacts attendant thereto. Therefore, in its upcoming filing due May 1, 2016, Dominion, at a minimum, shall:

- model and provide an optimal (least-cost, base case) plan for meeting the electricity needs of its service territory over the planning time frame;
- model and provide multiple plans that are each compliant with the Clean Power Plan, under both a mass-based approach and an intensity-based approach (including a least-cost compliant plan where the Strategist® model is allowed to choose the least-cost path given the emission constraints imposed by the Clean Power Plan); provide a detailed analysis of the impact of each plan in terms of all costs, including, but not limited to, capital, programmatic and financing; provide the impact of each plan on the electricity rates paid by Dominion's customers; and identify whether any aspect of any plan would require changes to existing Virginia law;
- analyze the final federal implementation plan, should the final federal implementation plan be published before May 1, 2016, or, if no final federal implementation plan has been published by this time, analyze the proposed federal implementation plan; provide a detailed analysis of the impact of the proposed or final plan in terms of all costs, including, but not limited to, capital, programmatic and financing; provide the impact of the proposed or final plan on the electricity rates paid by Dominion's customers; and identify whether any aspect of the proposed or final plan would require changes to existing Virginia law;
- provide a detailed description of leakage and the treatment of new units under differing compliance regimes;
- examine the differing impacts of the Virginia-specific targets versus source subcategory specific rates under an intensity-based approach;
- examine the potential for early action emission rate credits and allowances that may be available for qualified renewable energy or demand-side energy efficiency measures;
- analyze the treatment of a new nuclear unit under differing compliance approaches, including an assessment of the cost implications of a nuclear-based plan and the optimal timing of adding a nuclear unit under both an intensity-based approach and a mass-based approach;
- as recommended by MAREC, examine the cost benefits of trading emissions allowances or emissions reductions credits, or acquiring renewable resources from inside and outside of Virginia; and
- identify a long-term plan recommendation that reflects the EPA's final version of the Clean Power Plan.³²

Risk Analysis

In its Final Order in Dominion's 2013 IRP, the Commission directed Dominion to include an analysis of the trade-off between operating cost risk and project development cost risk associated with certain Company plans in its 2015 IRP filing.³³ In this proceeding, Dominion introduced a risk analysis methodology that it applied to all of the plans it studied and presented in this proceeding. In future IRPs, the Company shall:

- continue to evaluate the risks associated with plans that the Company prepares;
- include discount rate risk as a criterion in the Company's risk analysis;
- specifically identify the levels of natural gas-fired generation where operating cost risks may become excessive or provide a detailed explanation as to why such a calculation cannot be made;
- analyze ways to mitigate operating cost risk associated with natural gas-fired generation, including, but not limited to, long-term supply contracts that lock in a stable price, long-term investment in gas reserves, securing long-term firm transportation, and on-site liquefied natural gas storage; and
- analyze the cost of mitigating risks associated with the share of natural-gas fired generation that is equivalent to the amount the Company expects would be displaced by the construction and operation of North Anna 3.³⁴

Rate Design

In the present IRP, Dominion analyzed five alternative residential rate designs and five alternative non-residential rate designs for the GS-1 rate class. Both Environmental Respondents³⁵ and Staff³⁶ ask the Commission to direct Dominion to continue studying rate design.

The CPP has magnified the importance of evaluating various rate design options that could be relevant to CPP compliance. Rate design options should be included in the mix of CPP compliance options for consideration both by this Commission and other branches of Virginia government. The use of block rates, inclining or declining, is one form of rate design that could affect energy consumption and carbon emissions all year long. Other rate design

³² See, e.g., Ex. 24 (Abbott) at 47-48, 50; Ex. 22 (Walker) at 7-8; Ex. 17 (Loiter) at 8; Ex. 11 (Thumma) at 8-9, 12.

³³ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, 2014 S.C.C. Ann. Rept. 301, 302, Final Order (Aug. 27, 2014).

³⁴ Ex. 24 (Abbott) at 30-35, 49.

³⁵ Ex. 17 (Loiter) at 13-16; Tr. 730.

³⁶ Ex. 24 (Abbott) at 40-45, 50.

programs could affect consumption and emissions within a much more narrow time frame, such as incentives to shift consumption on days of peak demand. For example, a kilowatt consumed at 4 o'clock on one of the hottest summer afternoons when the system is facing peak demand is far more expensive than a kilowatt consumed at 10 o'clock that evening. The "4 pm kilowatt" may also produce far more in carbon emissions than the late-night kilowatt, since low-efficiency generating plants may have to be dispatched to meet the afternoon's peak demand.

Rate design is a form of Demand Side Management ("DSM"), and while the final CPP removed DSM as one of the four building blocks in the proposed CPP, it has nevertheless created incentives for including DSM in a state implementation plan. Dominion should evaluate and include various rate-design proposals as part of the mix of DSM-related compliance options that it will be modeling for next May's IRP filing.

More specifically, we direct that in its next IRP, Dominion shall:

- continue to report on a residential rate design alternative that includes a flat winter generation rate, an increased inclining summer generation rate, and no changes to distribution rates;
- continue to report on a residential rate design alternative that includes an increased differential between summer and winter rates for residential customers above the 800 kilowatt-hour block and no change to distribution rates;
- continue to report on alternative GS-1 rate designs;
- expand its analysis of alternative rate designs to other non-residential rate classes;
- investigate an alternative rate design for RACs that includes a summer rate with an inclining block rate component combined with a flat winter rate;
- analyze whether maintaining the existing rate structure is in the best interests of residential customers;³⁷ and
- evaluate options for variable pricing models that could incent customers to shift consumption away from peak times to reduce costs and emissions.

Third-Party Market Alternatives

Next, in the Final Order in Dominion's 2013 IRP, the Commission directed the Company to analyze third-party market alternatives as capacity resources and include its findings in the present IRP.³⁸ The adequacy of the Company's analysis has been challenged by MAREC in this proceeding.³⁹ We find that in future IRP filings, Dominion shall:

- include a more detailed analysis of market alternatives, especially third-party purchases that may provide long-term price stability, and includes, but is not limited to, wind and solar resources;
- examine wind and solar purchases at prices (including prices available through long-term purchase power agreements) and in quantities that are being seen in the market at the time the Company prepares its IRP filings; and
- provide a comparison of the cost of purchasing power from wind and solar resources from third-party vendors versus self-build options, including off-shore and on-shore wind, with this comparison including information from a variety of third-party vendors.⁴⁰

While we direct Dominion to provide a detailed analysis of market alternatives in its next IRP filing, we do not conclude that the Company must, for purposes of satisfying the IRP statutes, enter into a request for proposal process or a request for information process, as recommended by MAREC.⁴¹ As we noted in the Final Order in Case No. PUE-2011-00092, "[w]e do not conclude...that Dominion should be required to perform independent market tests as part of the IRP because...the IRP is a planning document, and is not a commitment to pursue any particular investment."⁴² Although we do not adopt MAREC's recommendation as a planning requirement in the instant IRP proceeding, the Commission has recently recognized, in a CPCN and RAC proceeding, the Code's requirement for the Company to consider and weigh third-party market alternatives in its process for selecting generation resources.⁴³

³⁷ *Id.* at 40-45, 50; Ex. 17 (Loiter) at 13-16; Tr. 730.

³⁸ *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, 2014 S.C.C. Ann. Rept. 301, 303, Final Order (Aug. 27, 2014).

³⁹ *See, e.g.*, Tr. at 44-45.

⁴⁰ *See e.g.*, Tr. 719-33.

⁴¹ *See, e.g.*, Tr. 216-18, 728.

⁴² *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 297, Final Order (Oct. 5, 2012) (internal quotation omitted).

⁴³ *See 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, Doc. Con. Cen. No. 151030161, Final Order (Oct. 20, 2015).

Solar Photovoltaic Generation

The adequacy of Dominion's analysis of solar photovoltaic generation has also been challenged in this proceeding.⁴⁴ In its IRP, Dominion concluded that the costs and issues associated with significant solar deployment are unknown and potentially substantial.⁴⁵ Environmental Respondents have challenged the Company's conclusion and claimed that the Company failed to provide adequate documentation to support its concerns regarding solar integration.⁴⁶ In future IRPs, Dominion shall:

- develop a plan for identifying, quantifying, and mitigating cost and integration issues associated with greater reliance on solar photovoltaic generation.⁴⁷

2015 General Assembly IRP Report

Amendments enacted during the 2015 General Assembly Session provide for annual reporting by the Commission to the Governor and General Assembly on integrated resource planning. Section 56-585.1:1 F of the Code states:

The [Commission] shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year assessing the updated integrated resource plan of any investor-owned incumbent electric utility. The report shall include an analysis of, among other matters, the amount, reliability, and type of generation facilities needed to serve Virginia native load compared to what is then available to serve such load and what may be available to serve such load in the future in view of market conditions and current and pending state and federal environmental regulations. As a part of such report, the [Commission] shall update its estimate of the impact upon electric rates in Virginia of the implementation of carbon emission guidelines for existing electric power generation facilities that the U.S. Environmental Protection Agency has issued pursuant to § 111(d) of the federal Clean Air Act....

The Commission has submitted its first report in compliance with these provisions of the Code.⁴⁸ Given the record developed in this proceeding, and the substantial regulatory and planning uncertainty regarding the Clean Power Plan, as discussed above, there was insufficient data to reasonably estimate the impact that the final Clean Power Plan will have on electric facilities and rates in Virginia. However, the more detailed information that we have herein directed the Company to provide in its next IRP filing should help provide a better understanding of the final regulation's effects on Virginia, including estimated rate impacts.

Finally, in future IRPs, Dominion shall include an index that identifies the specific location(s) within the IRP filing that complies with each bulleted requirement in this Final Order.

Accordingly, IT IS SO ORDERED, and this matter IS DISMISSED.

⁴⁴ Ex. 16 (Rábago) at 15-21.

⁴⁵ Ex. 2 (IRP) at 79-81.

⁴⁶ See Ex. 16 (Rábago) at 19. The Environmental Respondents also challenged other aspects of the Company's analysis of solar photovoltaic generation.

⁴⁷ *Id.* at 25.

⁴⁸ *Report of the State Corporation Commission Assessing the Updated Integrated Resource Plan of Any Investor-owned Incumbent Electric Utility as Required by Chapter 6 of the 2015 Virginia Acts of Assembly* (Nov. 24, 2015).

**CASE NO. PUE-2015-00039
MAY 28, 2015**

APPLICATION OF
RELIANT ENERGY NORTHEAST LLC

For a license to conduct business as a competitive service provider of electricity

ORDER GRANTING LICENSE

On April 13, 2015, Reliant Energy Northeast LLC ("Reliant Northeast" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider ("CSP") of electricity ("Application").¹ On April 15, 2015, Reliant Northeast amended its application. In its Application, as amended, the Company seeks to serve large commercial and industrial customers

¹ The Company also paid the required \$250 registration fee.

throughout the Commonwealth of Virginia.² Reliant Northeast has attested that it will abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").³

On April 20, 2015, the Commission issued an Order for Notice and Comment ("Order") that, among other things, docketed the Application; required the Company to serve the Order upon appropriate persons; 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 a response to the Staff Report.

On April 30, 2015, Reliant Northeast filed proof of service. On May 8, 2015, Virginia Electric and Power Company, d/b/a Dominion Virginia Power ("Dominion Virginia Power") filed a notice of participation and comments. Those comments requested that the Commission and Staff investigate and closely examine Reliant Northeast's financial fitness. In addition, Dominion Virginia Power urged the Commission and Staff to investigate whether any of the Company's affiliate relationships raised any concerns.

On May 13, 2015, Staff filed its Staff Report, which summarized Reliant Northeast's proposal and evaluated the Company's financial condition and technical fitness to conduct business as a CSP of electricity for large commercial and industrial customers. The Staff Report noted that Reliant Northeast is already licensed to provide competitive electric service in nine states and the District of Columbia, and it is licensed or has a license pending to provide competitive natural gas service in four states. Staff concluded that Reliant Northeast appears to have the financial and technical fitness to conduct business as a CSP of electricity based upon its existing operations and its access to the resources available to its parent company, NRG Energy, Inc. ("NRG"). NRG is a publicly traded company that is included in the Standard and Poor's 500 Index. Staff also noted, however, that NRG has a debt rating of BB- from Standard and Poor's and Ba3 from Moody's Investor's Service, which falls below investment grade. Based upon its analysis, Staff recommended that Reliant Northeast be granted a license to conduct business as a CSP upon proof of a performance bond or other acceptable means of financial security in the amount of \$25,000.

Reliant Northeast filed comments on May 19, 2015. In its comments, the Company stated that it was agreeable to posting the recommended financial security and anticipated doing so by May 30, 2015. No other comments were filed.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Reliant Northeast meets the requirements for a license to conduct business as a CSP of electricity, and that such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Reliant Northeast hereby shall be granted License No. E-32 to conduct business as a competitive service provider of electricity to large commercial and industrial customers throughout the service territories open to competition in the Commonwealth of Virginia, upon receipt of an acceptable means of financial security in the amount of \$25,000, made payable to the Commonwealth of Virginia. This license is granted subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, this Order Granting License, and other applicable law.
- (2) This license is not valid authority for the provision of any product or service not identified within the license itself.
- (3) This case shall remain open for consideration of any subsequent amendments or modifications to the license.

² Although Reliant Northeast seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only as set forth in the Code of Virginia and only in the service territories of Virginia Electric and Power Company d/b/a Dominion Virginia Power, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set out in the Code of Virginia.

³ 20 VAC 5-312-10 *et seq.*

**CASE NO. PUE-2015-00041
AUGUST 4, 2015**

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, 2015, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia, submitted an application ("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 [("FERC")] and administered by the regional transmission entity of which the utility is a member."

In this proceeding, Dominion Virginia Power seeks approval of a revenue requirement for the rate year September 1, 2015, through August 31, 2016 ("Rate Year").¹ This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement

¹ Exhibit ("Ex.") 2 (Application) at 1.

Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.²

The total revenue requirement to be recovered over the Rate Year is \$668,117,002, comprising an increment Rider T1 of \$186,070,779 and forecast collections of \$482,046,223 through the transmission component of base rates.³ This total revenue requirement represents an increase of \$127,234,389 over the revenues projected to be produced during the Rate Year by the combination of the base rate component of Subsection A 4 (the Company's former Rider T) and the Rider T1 rates currently in effect.⁴

Implementation of the proposed Rider T1 on September 1, 2015, would increase the average weighted monthly bill of a residential customer using 1,000 kilowatt-hours per month by \$3.81, which is a 3.5% increase.⁵ However, Dominion Virginia Power has developed a mitigation proposal ("Mitigation Proposal"), under which the Company would defer, without carrying costs, recovery of approximately \$96,057,507 of the Rider T1 revenue requirement from this Rate Year to the rate year that begins on September 1, 2016.⁶ This would result in a total transmission revenue requirement of \$572,059,495 to be recovered during the Rate Year, rather than \$668,117,002.⁷ Under the Mitigation Proposal, implementation of the proposed Rider T1 on September 1, 2015, would increase the average weighted monthly bill of a residential customer using 1,000 kilowatt-hours per month by \$1.90, which is a 1.7% increase.⁸

On May 8, 2015, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Application, provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation, scheduled an evidentiary hearing, and directed the Commission Staff ("Staff") to investigate the Application. The Commission also assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

The Virginia Committee for Fair Utility Rates ("Committee") and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed notices of participation in this proceeding. On June 18, 2015, Staff filed the testimony and exhibits of its witnesses. On June 25, 2015, Dominion Virginia Power filed rebuttal testimony.

The Hearing Examiner convened an evidentiary hearing in this docket on July 1, 2015. Counsel for Dominion Virginia Power, the Committee, Consumer Counsel, and Staff appeared at the hearing.

At the hearing, Dominion Virginia Power supported its Application, including the Mitigation Proposal.⁹ The Committee did not take a position on the Mitigation Proposal, but stated that, if the Commission approves the Mitigation Proposal, the amount collected from each customer class should be the same as the amount that would have been collected if there had not been any mitigation. In other words, it is the Committee's position that adoption of the Mitigation Proposal should have no effect on the amount of revenue for Rider T1 ultimately collected from each customer class.¹⁰ Consumer Counsel and Staff questioned the reasonableness and necessity of the Mitigation Proposal.

Consumer Counsel stated that the Mitigation Proposal creates a liability that ratepayers would have to pay in the future, when transmission costs could be higher than they currently are.¹¹ Consumer Counsel further noted that full recovery of the proposed Rider T1, without the Mitigation Proposal, would result in a rate increase of approximately 3.5 percent for a residential customer using 1,000 kilowatt-hours per month, which is a much smaller rate impact than the rate impacts customers would have experienced in prior cases where mitigation proposals have been proposed and approved.¹²

While Staff did not oppose the Mitigation Proposal, it was concerned that mitigating the potential increase in this case could result in significant, unnecessary rate fluctuations over the next several years.¹³ Therefore, at the hearing Staff noted that the Commission may wish to consider a modified mitigation plan. For example, Staff stated that the Commission could consider deferring approximately \$48 million, which is one-half of the approximately \$96 million that the Company proposed to defer under the Mitigation Proposal.¹⁴ Staff stated that this modified approach would still mitigate some of the

² *Id.* at 6.

³ *Id.* at 6-7; Ex.3 (Direct Testimony of David M. Wilkinson) at 2, 5.

⁴ *See* Ex. 3 (Direct Testimony of David M. Wilkinson) at 2; Ex. 2 (Application) at 6-7.

⁵ Ex. 8 (Direct Testimony of Paul B. Haynes) at 8.

⁶ Ex. 2 (Application) at 7. Under the Company's Mitigation Proposal, the deferred amount would be allocated to the customer classes consistent with the share of each class's proposed mitigation revenue requirement to the total mitigation revenue requirement for the Virginia jurisdiction in this proceeding. Ex. 8 (Direct Testimony of Paul B. Haynes) at 9.

⁷ Ex. 2 (Application) at 7.

⁸ Ex. 8 (Direct Testimony of Paul B. Haynes) at 15.

⁹ Tr. 165-166.

¹⁰ Tr. 11, 147.

¹¹ Tr. 13.

¹² Tr. 13-14.

¹³ Ex. 11 (Direct Testimony of Patrick W. Carr) at 9.

¹⁴ Tr. 78-82; Ex. 12C.

increase that customers would experience in the present proceeding, but may reduce the rate increases and volatility that customers might experience in upcoming years if the Mitigation Proposal were approved.¹⁵

Staff also expressed some concerns related to certain plant additions that the Company described in its pre-filed testimony. In testimony, the Company noted that, for 2015, it has projected that approximately \$765 million will be added to transmission plant in service for new facilities. According to the Company, of this \$765 million, approximately \$399 million is related to Regional Transmission Expansion Plan ("RTEP") baseline reliability projects that are required by PJM Interconnection, L.L.C. ("PJM"). The remaining \$366 million is related to transmission delivery facilities, equipment needed to meet Company reliability requirements, and to support FERC requirements that include approximately \$120 million for physical security.¹⁶ At the hearing, Staff noted that there is oversight and scrutiny for the costs related to PJM's RTEP projects, but that such oversight and scrutiny does not exist for the other \$366 million of costs. Given this, Staff noted that in the future it may be prudent for the Company to file reports with the Commission related to these expenditures.¹⁷

On July 23, 2015, the Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was filed with the Clerk of the Commission. In his Report, the Hearing Examiner found that a Rider T1 revenue requirement of \$668,117,002 is just and reasonable and should be approved for implementation in rates for the Rate Year commencing September 1, 2015.¹⁸ The Hearing Examiner also found that "the Company's proposed mitigation plan would defer too large of a percentage of the justified revenue requirement, which would need to be recovered in later years."¹⁹ Instead, the Hearing Examiner found that a mitigation plan that defers \$48 million from this Rate Year to the rate year beginning September 1, 2016, and results in a \$2.86 increase to the bill of a residential customer using 1,000 kilowatt-hours per month is reasonable.²⁰

On July 29, 2015, Dominion Virginia Power and Consumer Counsel filed comments on the Hearing Examiner's Report. In its comments, the Company stated that it continues to believe its Mitigation Proposal is beneficial to customers and in the public interest; however, it does not oppose the modified mitigation plan approved by the Hearing Examiner.²¹ Consumer Counsel stated in its comments that the Commission should reject both the Company's originally requested deferral of \$96 million and the Hearing Examiner's recommended deferral of \$48 million. Given the potential for larger bill increases in the future if mitigation is adopted in this proceeding, Consumer Counsel does not believe that deferral of any portion of the revenue requirement is in the best interest of ratepayers. Therefore, Consumer Counsel's comments urged the Commission to reject the Hearing Examiner's recommendation to defer recovery of approximately \$48 million.²²

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that a Rider T1 revenue requirement of \$668,117,002 is just and reasonable and should be approved for implementation in rates for the Rate Year commencing September 1, 2015.

In addition, as requested by Consumer Counsel, the Commission further finds that deferral of any portion of the revenue requirement should be rejected in this proceeding. Specifically, the Commission shares the concerns raised by Consumer Counsel and Staff that deferring a portion of the revenue requirement in this proceeding could result in significant, unnecessary rate fluctuations in the future.²³ As discussed by Consumer Counsel in its comments to the Hearing Examiner's Report, "[t]he Staff has explained that the Company's proposal is more likely to promote unnecessary rate fluctuations, rather than rate stability," and "[t]he proposed deferral creates a liability for ratepayers with the bill coming due next year when transmission costs will likely be even higher than they are now."²⁴ We agree with Consumer Counsel's conclusion that "[u]nder the facts and circumstances of this case, deferral of a portion of the revenue requirement is not in the best interests of ratepayers."²⁵

Finally, the Commission finds that the Company should prepare and file a report as part of its application in its next Rider T1 proceeding that provides information related to the projected plant investment described above. Specifically, this report should include a detailed description of expenditures related to NERC Security Standard CIP-14-01 and -02, and should include a list of any third party verifications that the Company is required to obtain in relation to those expenditures.

¹⁵ Tr. 82. At the hearing, Dominion Virginia Power stated that the alternative mitigation plan was reasonable, but that the Company's Mitigation Proposal would be better for customers because it defers a larger amount of the Rider T1 revenue requirement from this Rate Year to the rate year that begins on September 1, 2016. Tr. 166.

¹⁶ Ex. 4 (Direct Testimony of James D. Jackson, Jr.) at 18.

¹⁷ Tr. 163-164.

¹⁸ Report at 12.

¹⁹ *Id.*

²⁰ *Id.* at 12-13.

²¹ Dominion Virginia Power Comments on Hearing Examiner's Report at 1-2.

²² Consumer Counsel Comments on Hearing Examiner's Report at 3-11.

²³ *See, e.g.*, Ex. 11 (Direct Testimony of Patrick W. Carr) at 9; Consumer Counsel Comments on Hearing Examiner's Report at 4-6, 11.

²⁴ Consumer Counsel Comments on Hearing Examiner's Report at 11.

²⁵ *Id.*

Accordingly, IT IS ORDERED THAT:

- (1) Rider T1 is approved as set forth herein and shall become effective for service rendered on and after September 1, 2015.
- (2) As part of its application in its next Rider T1 filing, the Company shall include a report as described herein that provides a detailed description of expenditures related to NERC Security Standard CIP-14-01 and -02 and a list of any third party verifications that the Company is required to obtain in relation to those expenditures.
- (3) Within thirty (30) days from the date of this Final Order, the Company shall file, with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, the updated tariff sheets for Rider T1 as approved herein.
- (4) This case shall be dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

**CASE NO. PUE-2015-00046
JULY 28, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of a service agreement

ORDER GRANTING APPROVAL

On April 30, 2015, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting approval of a service agreement ("Agreement") between WGL and its affiliate, WGL Midstream MVP, LLC ("Midstream MVP").

Midstream MVP was formed on March 13, 2015, and is a direct subsidiary of WGL Midstream, Inc. ("WGL Midstream").² Midstream MVP was formed as the vehicle for WGL Midstream's equity investment in the Mountain Valley Pipeline ("MVP"), which, as proposed, is a natural gas pipeline development project spanning approximately 300 miles from northwestern West Virginia to southern Virginia. The target in-service date for the MVP is late 2018.

The proposed Agreement will allow WGL to provide centralized services ("Centralized Services"), as described in Attachment A to the Agreement, to Midstream MVP. The Company currently provides Centralized Services to WGL Midstream pursuant to a service agreement approved by the Commission in Case No. PUE-2013-00005,³ and two other similar investment subsidiaries of WGL Midstream, WGL Midstream CP, LLC ("Midstream CP"), and WGL Midstream MP, LLC ("Midstream MP"), under service agreements approved in Case Nos. PUE-2013-00077 and PUE-2014-00061, respectively.⁴ WGL states that it will provide Midstream MVP with the same Centralized Services that it currently provides to WGL Midstream, Midstream CP, and Midstream MP.⁵

The Company represents that the terms and conditions of the Agreement are the same as those approved for the aforementioned agreements with WGL Midstream, Midstream CP, and Midstream MP. WGL indicates that it will provide the Centralized Services to Midstream MVP at cost, which WGL represents is the same as market.⁶ The Company states that costs will be direct charged to the extent possible, and indirect costs will be allocated according to the procedures outlined in WGL's 2014 Cost Allocation Manual, which WGL filed with the Application.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the above-described Agreement is in the public interest and should, therefore, be approved subject to certain requirements set forth in Staff's Action Brief filed contemporaneously with this Order.

¹ Va. Code § 56-76 *et seq.*

² WGL Midstream's name was changed from Capital Energy Ventures Corp. ("CEV") on November 7, 2013.

³ The service agreement approved in Case No. PUE-2013-00005 was originally between WGL and CEV. See *Application of Washington Gas Light Company, For approval of revised affiliate service agreements*, Case No. PUE-2013-00005, Doc. Con. Cen. No. 130560162, Order Granting Approval (May 24, 2013). On January 23, 2014, WGL filed a revised executed service agreement in the name of WGL Midstream.

⁴ See *Application of Washington Gas Light Company, For approval of Service Agreement*, Case No. PUE-2013-00077, 2013 S.C.C. Ann. Rept. 434, Order Granting Approval (Oct. 10, 2013); and *Application of Washington Gas Light Company, For approval of Service Agreement pursuant to § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2014-00061, 2014 S.C.C. Ann. Rept. 452, Order Granting Approval (Aug. 20, 2014).

⁵ Concurrent with the Application, WGL has a separate application before the Commission in Case No. PUE-2015-00048 seeking approval to revise various service agreements with its affiliates, including WGL Midstream, Midstream CP, and Midstream MP. See *Application of Washington Gas Light Company, For approval of Service Agreements*, Case No. PUE-2015-00048 (filed May 1, 2015). The Company represents that the proposed revisions to the service agreements with WGL Midstream, Midstream CP, and Midstream MP (specifically, the revision to the definition of Information Technology services and the removal of the provision for Payroll services) are reflected in the proposed Agreement between WGL and Midstream MVP.

⁶ To comply with the Commission's order in Case No. PUE-2010-00139, WGL filed with the Commission's Division of Utility Accounting and Finance on January 16, 2013, a study of its pricing, exclusive of labor, for affiliate transactions.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, WGL hereby is granted approval to enter into the proposed Agreement, subject to the requirements set forth herein.
- (2) The approval granted herein shall be limited to five (5) years from the effective date of this Order. Should WGL wish to continue providing Centralized Services under the Agreement beyond that date, separate Commission approval shall be required.
- (3) The approval granted herein shall be limited to the Centralized Services specifically identified in Attachment A to the Agreement. Should WGL wish to provide any additional services to Midstream MVP, other than those specifically identified in Attachment A, subsequent Commission approval shall be required.
- (4) Asset Optimization Transactions⁷ shall be limited to those that are related and incidental to the type of AO Transactions conducted for the utility itself.
- (5) Separate approval shall be required for WGL to provide services to Midstream MVP under the Agreement through the engagement of affiliated third parties.
- (6) Separate approval shall be required for any changes in the terms and conditions of the Agreement, including any changes in the description of the services provided by WGL, allocation methodologies, or successors or assigns.
- (7) Separate approval shall be required for the transfer of any goods or equipment between WGL and Midstream MVP.
- (8) WGL shall maintain records to demonstrate that the Centralized Services provided by WGL to Midstream MVP are cost-beneficial to Virginia customers. For any Centralized Services provided by WGL for which 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 Midstream MVP the higher of cost or market. WGL shall bear the burden, in any rate proceeding, of demonstrating that the Centralized Services provided to Midstream MVP under the Agreement were priced at the higher of cost or market where a market exists.
- (9) The approval granted herein shall not preclude the Commission from exercising 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 herein whether or not such affiliate is regulated by this Commission.
- (11) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Agreement.
- (12) WGL shall file with the Commission a signed and executed copy of the approved Agreement within 30 days of the effective date of this Order, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").
- (13) WGL shall include all transactions associated with the Agreement approved herein in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition, beginning on January 1, 2016, WGL shall track the AO Service provided to Midstream MVP in its ARAT. The reporting shall include:
 - (a) The gross annual AO Service costs charged to Midstream MVP;
 - (b) The gross annual AO Revenues generated for Midstream MVP; and
 - (c) A list of the types of AO Transactions conducted.
- (14) In the event that WGL's annual informational filings or base rate proceedings are not based on a calendar year, then WGL shall include the affiliate information contained in its ARAT in such filings.
- (15) There appearing nothing further to be done in this matter, it hereby is dismissed.

⁷ Hereafter, the term Asset Optimization Transactions ("AO Transactions") refers to both asset optimization and asset management transactions, "AO Service" refers to both asset optimization and asset management services, and "AO Revenues" refers to both asset optimization and asset management revenues.

**CASE NO. PUE-2015-00047
JUNE 18, 2015**

APPLICATION OF
SHIPLEY CHOICE, LLC

For licenses to conduct business as a competitive service provider for electricity and natural gas

ORDER GRANTING LICENSES

On May 7, 2015, Shipley Choice, LLC ("Shipley Choice" or the "Company"), completed an application with the State Corporation Commission ("Commission") for licenses to conduct business as a competitive service provider ("CSP") for electricity and natural gas ("Application") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Application seeks authority to serve all eligible customer classes throughout the Commonwealth of Virginia. The Company attested that it would abide by all applicable Commission regulations as required under the Retail Access Rules.

On May 8, 2015, the Commission entered an Order for Notice and Comment ("Order"), which, among other things, docketed the Application; required Shipley Choice to serve the Order upon appropriate persons; permitted interested persons to file comments on the Application; required the Staff of the Commission ("Staff") to analyze the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file reply comments to the Staff Report.

The Company filed proof of service on May 18, 2015. On June 5, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power") filed a notice of participation and comments to the Application. Those comments requested that the Commission and Staff investigate and closely examine the financial and technical fitness of Shipley Choice.

On June 10, 2015, the Staff filed its Staff Report, which summarized Shipley Choice's Application and evaluated the Company's financial condition and technical fitness to conduct business as a CSP of electricity and natural gas. The Staff Report noted that Shipley Choice is currently licensed to provide competitive natural gas service in two states, and competitive electric service in three states. Staff concluded that Shipley Choice appears to have the financial and technical fitness to conduct business as a CSP of natural gas and electricity based on existing operations and its access to the financial resources available through its parent company, Shipley Group, LP. Staff recommended that Shipley Choice be granted licenses to conduct business as a CSP for electricity and natural gas to all customer classes throughout Virginia. No comments to the Staff Report were filed.

NOW THE COMMISSION, upon consideration of the record herein and applicable law, finds that Shipley Choice meets the requirements for licenses to conduct business as a CSP of electricity and natural gas, and such licenses should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Shipley Choice is hereby granted License No. G-46 to conduct business as a competitive service provider for natural gas to all eligible 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 Granting Licenses, and other applicable law.
- (2) Shipley Choice is hereby granted License No. E-33 to conduct business as a competitive service provider for electricity to all eligible 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 Granting Licenses, and other applicable law.
- (3) Shipley Choice shall file a copy of its audited financial statements directly with the Division of Utility Accounting and Finance simultaneously with its annual report as required by the Retail Access Rules 20 VAC 5-312-20 Q.
- (4) These licenses are not valid authority for the provision of any product or service not identified within the licenses themselves.
- (5) This case shall remain open for consideration of any subsequent amendments or modifications to these licenses.

**CASE NO. PUE-2015-00048
JULY 28, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of service agreements

ORDER GRANTING APPROVAL

On May 1, 2015, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")¹ of nine separate revised affiliate service agreements ("Revised Agreements") between WGL and the following affiliates: (1) WGL Holdings, Inc. ("Holdings"); (2) Washington Gas Resources Corp.; (3) Hampshire Gas Company ("Hampshire Gas"); (4) Crab Run Gas Company ("Crab Run"); (5) WGL Energy Services, Inc. ("WGL Energy Services"); (6) WGL Energy Systems, Inc. ("WGL Energy Systems"); (7) WGL Midstream Inc. ("WGL Midstream"); (8) WGL Midstream CP,

¹ Va. Code § 56-76 *et seq.*

LLC; and (9) WGL Midstream MP, LLC (collectively, "Affiliates").² WGL currently provides similar services ("Services") to the Affiliates under agreements approved in four previous Commission orders.³ Under the proposed Revised Agreements, WGL will provide to each affiliate a unique selection of the 25 different categories of Services shown in Attachment 1 to the Action Brief the Staff of the Commission ("Staff") filed contemporaneously with this Order.

The proposed changes specific to the Revised Agreements address the following areas: (1) revisions in the scope of Human Resources and Information Technology Services supplied to the Affiliates that receive those Services; (2) new general administrative Services provided to Holdings, WGL Energy Services, WGL Energy Systems, and Hampshire Gas; (3) revisions to the Crab Run agreement to reflect a recent business divestment by Crab Run; and (4) revisions to remove Payroll Services supplied to WGL Midstream and its subsidiaries. The changes also reflect name changes for WGL Energy Services⁴ and WGL Energy Systems.⁵ The Company requests approval of the Revised Agreements for a period of five years effective from the date of the Commission's Order approving the Revised Agreements.

The Company represents that the terms and conditions of the Revised Agreements are the same as those approved for the previous agreements. WGL indicates that it will provide the Services to its Affiliates at cost, which WGL represents is the same as market.⁶ The Company states that costs will be direct charged to the extent possible, and indirect costs will be allocated according to the procedures outlined in WGL's 2014 Cost Allocation Manual, which WGL filed with the Application. The Company represents that the Revised Agreements are in the public interest because the proposed revisions more accurately reflect the scope of general administrative Services provided to its Affiliates, and because the Revised Agreements will create additional efficiencies in the Company's provision of such Services.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the proposed Revised Agreements are in the public interest and should be approved subject to certain requirements set forth in Staff's Action Brief filed contemporaneously with this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, WGL hereby is granted approval of the Revised Agreements subject to the requirements set forth herein.
- (2) The approval granted herein shall be limited to five (5) years from the effective date of the Order Granting Approval in this case. Should WGL wish to continue providing Services under the Revised Agreements beyond that date, separate Commission approval shall be required.
- (3) The approval granted herein shall be limited to the Services specifically identified in Article II (Description of Services) of the Revised Agreements. Should WGL wish to provide any additional Services, separate Commission approval shall be required.
- (4) Asset Optimization Service⁷ shall be removed from the Revised Agreements of those Affiliates that will not make use of that Service. AO Transactions shall be limited to those that are related and incidental to the type of AO Transactions conducted for the utility itself.
- (5) Separate approval shall be required for WGL to provide services to its Affiliates through the engagement of affiliated third parties.
- (6) Separate approval shall be required for the transfer of any goods or equipment between WGL and its Affiliates.
- (7) Separate approval shall be required for any changes in the terms and conditions of the Revised Agreements, including any changes in allocation methodologies or successors or assigns.
- (8) WGL shall maintain records to demonstrate that the Services provided by WGL to its Affiliates are cost-beneficial to Virginia customers. For any Services provided by WGL for which 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 its Affiliates the higher of cost or market. WGL shall bear the burden, in any rate proceeding, of demonstrating that the Services provided to its Affiliates under the Revised Agreements were priced at the higher of cost or market where a market exists.
- (9) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Revised Agreements.

² During the preparation of this filing, WGL determined that the service agreement with its affiliate, WGSW, Inc., would need to be revised to be consistent with the proposed Revised Agreements.

³ See *Application of Washington Gas Light Company, For approval of Service Agreement pursuant to § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2014-00061, 2014 S.C.C. Ann. Rept. 452, Order Granting Approval (Aug. 20, 2014); *Application of Washington Gas Light Company, For authority to revise service agreements*, Case No. PUE-2014-00015, 2014 S.C.C. Ann. Rept. 384, Order Granting Approval (May 29, 2014); *Application of Washington Gas Light Company, For approval of service agreement*, Case No. PUE-2013-00077, 2013 S.C.C. Ann. Rept. 434, Order Granting Approval (Oct. 10, 2013); *Application of Washington Gas Light Company, For approval of revised affiliate service agreements*, Case No. PUE-2013-00005, Doc. Con. Cen. No. 130560162, Order Granting Approval (May 24, 2013).

⁴ Effective January 15, 2015, Washington Gas Energy Services, Inc., changed its name to WGL Energy Services.

⁵ Effective January 15, 2015, Washington Gas Energy Systems, Inc., changed its name to WGL Energy Systems.

⁶ To comply with the Commission's order in Case No. PUE-2010-00139, WGL filed with the Commission's Division of Utility Accounting and Finance on January 16, 2013, a study of its pricing, exclusive of labor, for affiliate transactions.

⁷ Hereafter, the term Asset Optimization Service ("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.

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(10) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(11) The Commission reserves the right to examine the books and records of any Affiliate, whether or not such Affiliate is regulated by the Commission, in connection with the approval granted herein.

(12) WGL shall file a signed and executed copy of the approved Revised Agreements within 30 days of the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(13) WGL shall be required to include all transactions associated with the Revised Agreements in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information WGL currently provides, WGL shall include in the ARAT the following Revised Agreement information:

- (a) The case number in which the transactions were approved;
- (b) Identification of the WGL Affiliate(s) involved in each transaction;
- (c) Description of each transaction and specific service provided;
- (d) Transactions by month; and
- (e) Dollar amount paid to, or received by, WGL for each transaction per month.

Beginning on January 1, 2016, WGL shall track the AO Service provided to the Affiliates and non-affiliated third parties in its ARAT. The reporting shall include:

- (a) The name of each Affiliate and non-affiliated party that directly or indirectly receives AO Service;
- (b) The gross annual AO Service costs charged to each Affiliate and non-affiliated third party;
- (c) The gross annual AO Revenues generated for each 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.

(14) In the event that WGL's annual informational filings or base rate proceedings are not based on a calendar year, then WGL shall include the affiliate information contained in its ARAT in such filings.

(15) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00050
JULY 29, 2015**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2015 SAVE Rider update

ORDER APPROVING SAVE RIDER ADJUSTMENT

On May 1, 2015, pursuant to § 56-604 E of the Code of Virginia, and in accordance with Rule 80 of the Rules of Practice and Procedure of the State Corporation Commission ("Commission"),¹ Virginia Natural Gas, Inc. ("VNG" or "Company"), filed its annual update for its Commission-approved Steps to Advance Virginia's Energy ("SAVE") plan ("SAVE Plan"),² under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("Application").

In its Application, the Company states that the calculation of the revenue requirement and rates associated with Rider E consists of two components: the SAVE Actual Cost Adjustment ("SACA") and the Annual SAVE Factor ("ASF"), which were approved by the Commission in its 2012 SAVE Order. The Company states that the SACA calculation is a reconciliation of the revenue requirement for SAVE Plan projects completed and placed in service in calendar year 2014, as compared to the revenue generated by Rider E during that same period.³ Based on this calculation, the Company

¹ 5 VAC 5-20-80.

² *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").

³ Application at 5-6.

proposes a SACA in the amount of (\$379,420) for the upcoming rate period of August 2015 through July 2016 ("Rate Year").⁴ The Company states that the ASF is the calculation of the revenue requirement related to the cumulative SAVE Plan infrastructure investment through the Rate Year, and proposes an ASF in the amount of \$9,356,798 for the Rate Year.⁵ The Company calculates a Rider E revenue requirement of \$8,977,378 for the Rate Year by netting the ASF amount of \$9,356,798 with the SACA amount of (\$379,420).⁶

On May 19, 2015, the Commission entered an Order for Notice and Comment, which, among other things, required the Company to publish notice of its Application; provided an opportunity for interested persons to file comments, 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 ("Report") containing its findings and recommendations. No comments, requests for hearing, or notices of participation were filed.

On July 1, 2015, the Staff filed its Report wherein it calculated a revenue requirement of \$8,982,894 for the Rate Year. Specifically, the Staff calculated the same ASF amount of \$9,356,798 that the Company calculated, but calculated a SACA amount of (\$373,904), rather than the (\$379,420) that the Company calculated. This difference in SACA amounts is primarily due to: (1) Staff's inclusion of an allowance for bad debt expense through the application of the revenue conversion factor to property tax expense and depreciation expense, and (2) Staff's application of a two-month average over- or under-recovery balance when calculating carrying costs, rather than applying the carrying charge calculation only to the current month balance.⁷ Staff recognized in its Report that its revenue requirement was greater than the amount contained in the public notice published by the Company and stated that if the Commission adopted a revenue requirement that excludes otherwise recoverable amounts for this reason, any incremental difference may be included in next year's SACA.⁸ The Staff further recommended that the Commission adopt Staff's methodology for calculating the Rider E revenue requirement, and require the Company to file all rate sheets pursuant to the Final Order in this proceeding.⁹

On July 8, 2015, VNG filed its response ("Response") to the Staff Report. In its Response, the Company noted that Staff's proposed total revenue requirement is \$5,514 higher than the revenue requirement proposed and noticed by VNG due to the differences in the SACA described above. VNG stated that it has no objection to applying Staff's two changes to the computation methodology in future SAVE Plan proceedings should the Commission deem it appropriate; however, VNG does not believe the changes should be adopted for computation of the revenue requirement in the instant proceeding as they would result in rates that are slightly higher than those proposed and noticed by the Company.¹⁰

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that a revenue requirement of \$8,977,378 should be approved for the Rate Year. We also find that the Company should immediately begin applying the changes in methodology contained in the Staff Report related to bad debt expense and the carrying charge calculation.¹¹

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2015 Rider E, as permitted by §§ 56-603 *et seq.* of the Code of Virginia, is approved as set forth in this Order. Rates consistent with this Order shall become effective beginning on August 1, 2015, and remain in effect through July 31, 2016.

(2) Within thirty (30) days of the date of this Order, the Company shall file revised tariffs for the 2015 Rider E with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.sec.virginia.gov/case>.

(3) This matter is dismissed.

⁴ *Id.* at 6.

⁵ *Id.*

⁶ *Id.*

⁷ See Staff Report at 4-6.

⁸ *Id.* at 9.

⁹ *Id.*

¹⁰ Response at 2.

¹¹ Any over- or under-recoveries resulting from implementation of Staff's methodology changes may be considered in SACA calculations in future SAVE Plan proceedings.

**CASE NO. PUE-2015-00051
JULY 1, 2015**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER RESOURCES, LLC

For authority to continue participation in an agreement for support services, pursuant to Va. Code § 56-76 *et seq.*

ORDER

On May 5, 2015, Virginia-American Water Company ("Virginia-American") and American Water Resources, LLC ("AWR") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") that requests authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ to continue participation in an agreement for support services ("Support Services") to be performed by Virginia-American for AWR in relation to AWR's Water Line Protection Program, Sewer Line Protection Program, and In-Home Plumbing Emergency Program (collectively, "Programs"). Preceding the filing of the Application, the Applicants filed a Joint Motion ("Motion") with the Commission on May 1, 2015, seeking interim authority to operate under the Agreement because the Commission's five-year approval of the Agreement granted in Case No. PUE-2009-00088 had expired on November 9, 2014.

Virginia-American is a Virginia public service company and a wholly owned subsidiary of American Water Works Company, Inc. ("American Water"), a publicly traded corporation. AWR is a Virginia limited liability company that has been offering service line protection programs to residential homeowners for approximately 15 years. AWR is also a wholly owned subsidiary of American Water.

Pursuant to the Agreement for Support Services and Amendment to Agreement for Support Services ("Agreement"), Virginia-American provides the following Support Services to AWR: (1) distribution of promotional materials; (2) repair service coordination; and (3) billing and collecting. Under the terms of the Agreement, AWR pays Virginia-American the greater of 115% of the fully distributed costs incurred by Virginia-American in providing the Support Services, or market price if ascertainable. The Applicants represent that customers that choose to enroll in the Programs pay modest annual fees and, in the event of a covered problem in the customer-owned portion of the lines, AWR will arrange for the necessary repairs. The Agreement may be terminated by either party without cause upon 60 days written notice. The Agreement will automatically renew for additional one-year periods, unless a party provides written notice of its intent to withdraw from the Agreement.

NOW THE COMMISSION, upon consideration of the Application and comments of the Applicants, and having been advised by its Staff, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to certain requirements set forth in Staff's Action Brief.

Section 56-77 of the Code provides, in part:

A. No contract or arrangement...for the purchase, sale, lease or exchange of any property, right or thing...made or entered into between a public service company and any affiliated interest shall be valid or effective unless and until it shall have been filed with and approved by the Commission...

We are concerned with the Applicants' failure to obtain the necessary approval for the Agreement before the Commission's initial five-year approval ended. As we noted in our Dismissal Order in Case No. PUA-2000-00038, public service companies must comply with Commission orders and requirements contained in the Code. As such, Virginia-American must ensure that it has all necessary resources in place to maintain compliance with Commission orders and statutory requirements without fail.

Section 56-85 of the Code provides, in part:

Every public service company (1) entering into, participating in or acting under any contract or arrangement, required by this chapter to be approved by the Commission, before obtaining such approval,... or (4) otherwise violating any provision of this chapter, ... shall be subject to a fine, to be imposed in a proceeding before the Commission instituted for the purpose of determining whether there is any liability hereunder, of not less than \$10 and not in excess of \$500, together with the costs of the proceeding as adjudged by the Commission and as taxed by the clerk of the Commission according to law; and every day of any such violation which, in its nature, is continuing, may be deemed a separate offense.

Therefore, the Applicants are directed to file a response within ten (10) days of the date of the issuance of this Order stating why they should not be found in violation of § 56-77 of the Code and fined pursuant to § 56-85 of the Code (or any applicable law) for failing to obtain the necessary Commission approval.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the proposed Agreement subject to the requirements set forth herein.

(2) The Applicants shall, either individually or jointly, file a response within ten (10) days of the date of the issuance of this Order stating why they should not be found in violation of § 56-77 of the Code and fined pursuant to § 56-85 of the Code.

¹ Va. Code § 56-76 *et seq.* ("Affiliates Act").

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(3) The approval granted herein is conditioned on the Applicants' verification, as required herein, that any home protection services provided to Virginia-American's customers pursuant to the Agreement shall be in compliance with any and all applicable provisions of the Code regarding the establishment, licensing, operation, or marketing of home protection companies in the Commonwealth of Virginia.

(4) The approval granted herein shall be limited to five years from the effective date of the Order Granting Approval in this case. If the Applicants wish to continue the Programs beyond the five-year approval period, they should file an application with the Commission in advance of the termination date to ensure no lapse in approval.

(5) The approval granted herein shall be limited to the Support Services specifically identified and described in the Application. Should Virginia-American wish to receive additional services from AWR other than those described in the Application, separate Commission approval shall be required.

(6) Any marketing material sent to Virginia-American's Virginia customers shall clearly indicate that (a) AWR is providing the Programs; (b) any such Programs offered by AWR are optional; and (c) Virginia-American has no direct involvement in, and bears no legal responsibility for, the Programs.

(7) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Agreement.

(8) Separate Affiliates Act approval shall be required for any changes in the terms and conditions of the Agreement, including changes in the rate paid by AWR and successors and assigns.

(9) Virginia-American should maintain records to demonstrate that it charged AWR the higher of 115% of fully distributed costs or the market rate, if ascertainable, for the Support Services.

(10) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.

(11) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(12) Virginia-American shall file a signed and executed copy of the Agreement, within thirty (30) days of the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(13) Virginia-American shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information that Virginia-American currently provides, Virginia-American shall include in the ARAT the following Agreement information:

- (a) The case number in which the transactions were approved;
- (b) Identification of the Virginia-American affiliate(s) involved in each transaction;
- (c) Description of each transaction and the specific service provided;
- (d) The Program under which such transaction took place;
- (e) Transactions by month; and
- (f) Dollar amount either paid to, or received by, Virginia-American for each transaction per month.

The ARAT should also list the number of customers in each Program and provide a summary of customer complaints concerning the Programs. Virginia-American shall also include in the ARAT verification, which shall be affirmed or updated as appropriate, regarding the establishment, licensing, operation, or marketing of any home protection companies, producers, or obligors relevant to the approval granted herein.

(14) In the event that Virginia-American's annual informational filings or base rate proceedings are not based on a calendar year, then Virginia-American shall include the affiliate information contained in its ARAT in such filings.

(15) The Applicants' Motion for Interim Authority is denied.

(16) This case is continued pending further order of the Commission.

**CASE NO. PUE-2015-00051
AUGUST 5, 2015**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY
and
AMERICAN WATER RESOURCES, LLC

For authority to continue participation in an agreement for support services, pursuant to Va. Code § 56-76 *et seq.*

CLARIFYING ORDER

On May 5, 2015, Virginia-American Water Company ("Virginia-American") and American Water Resources, LLC ("AWR") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") that requests authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ to continue participation in an agreement for support services to be performed by Virginia-American for AWR in relation to AWR's Water Line Protection Program, Sewer Line Protection Program, and In-Home Plumbing Emergency Program. Preceding the filing of the Application, the Applicants filed a Joint Motion with the Commission on May 1, 2015, seeking interim authority to operate under the Agreement because the Commission's five year approval of the Agreement granted in Case No. PUE-2009-00088 had expired on November 9, 2014.

On July 1, 2015, the Commission Staff ("Staff") filed its Action Brief in this matter, recommending that the Agreement be approved subject to certain conditions proposed by the Staff. Also on July 1, 2015, the Commission issued an Order approving the Application ("July 1, 2015 Order"), finding that the Agreement was in the public interest and should be approved subject to the requirements set forth in the Staff's Action Brief. In addition, the Commission directed the Applicants to file a response "stating why they should not be found in violation of § 56-77 of the Code and fined pursuant to § 56-85 of the Code."²

On July 15, 2015, the Applicants filed a Response to Commission Order and Request for Reconsideration ("Response"). The Applicants acknowledge that the Application should have been filed prior to November 9, 2014, and state that the Application was not timely filed due to an administrative oversight.³

The Applicants also seek clarification or reconsideration of the Order's requirements regarding the Applicants' verification regarding home protection services provided to Virginia-American's customers pursuant to the Agreement. The Applicants request that the Commission clarify that (1) the verification to be made pursuant to Ordering Paragraph (3) of the Commission's July 1, 2015 Order is subject to the revisions proposed by the Applicants in their response to the Staff Action Brief;⁴ and (2) the references in Ordering Paragraph (13) of the Order to an "ARAT verification" reflect a requirement that Virginia-American include a verification similar to that required by Ordering Paragraph (3) in its annual ARAT filing to the Staff.⁵

NOW THE COMMISSION, upon consideration of the Applicants' Response, is of the opinion and finds that the Applicants' Request for Clarification or Reconsideration should be granted. We clarify that the verification required by the Commission's July 1, 2015 Order is subject to the modifications proposed by the Applicants in their comments on the Staff's July 1, 2015 Action Brief. We further clarify that Virginia-American is required to include a similar verification in its Annual ARAT filing with the Staff.

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' Request for Clarification or Reconsideration is granted, as set forth herein.
- (2) This case is continued pending further order of the Commission.

¹ Va. Code § 56-76 *et seq.*

² July 1, 2015 Order at 3.

³ Response at 2.

⁴ *Id.* at 4. The Applicants' proposed revisions are also included as Exhibit A to the Response.

⁵ *Id.* at 4, fn. 4.

**CASE NO. PUE-2015-00052
MAY 22, 2015**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For approval to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On May 4, 2015, Virginia-American Water Company ("Virginia-American" or "Applicant") filed an application ("Application") with the State Corporation Commission ("Commission") for approval under Chapter 3¹ of Title 56 of the Code of Virginia to issue up to \$40 million of promissory notes ("Notes") through December 31, 2016. Virginia-American paid the requisite fee of Two Hundred Fifty Dollars (\$250).

Virginia-American proposes to issue the Notes to an affiliate, American Water Capital Corporation ("Capital Corp."), in accordance with its Chapter 4² authority for affiliate financing transactions under a financial services agreement ("FSA") as granted by the Commission in Case No. PUE-2014-00111.³ Virginia-American anticipates an issuance in the amount of \$15 million of the Notes during calendar year 2015, an issuance of \$15 million of the Notes in calendar year 2016, and an issuance to retire and replace \$10 million of existing debt. The terms of the Notes' interest rates, maturity dates, and issuance costs will depend on market conditions at the time of issuance. Proceeds from the Notes may, in addition to the above mentioned debt retirement, be used for one or more of the following purposes: the repayment of all or a portion of outstanding short-term debt; the retirement and replacement of other existing long-term debt; the purchase, acquisition, and/or construction of additional properties and facilities, as well as improvements to Virginia-American's existing plant; and for general corporate purposes.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest. Moreover, the Notes shall be issued subject to the provisions of the affiliates' FSA as authorized in Case No. PUE-2014-00111.

Accordingly, IT IS ORDERED THAT:

(1) The Applicant is hereby authorized to issue up to \$40 million of Notes to Capital Corp., through December 31, 2016, under the terms and conditions and for the purposes set forth in the captioned Application. All ordering provisions of the Order Granting Authority issued December 23, 2014, in Case No. PUE-2014-00111 shall remain in effect.

(2) The Applicant shall file a preliminary Report of Action within ten (10) days after the issuance of any security pursuant to this Order to include the type of security, the issuance date, the amount of issuance, the interest rate or yield, the maturity date, and any securities retired with the proceeds.

(3) On or before March 1, 2017, the Applicant shall file a Final Report of Action to include details concerning all financing activities completed pursuant to this authority. Such report shall include a summary of the information required in the preceding ordering paragraph, in addition to a break-even analysis showing that the retiring of any long-term debt prior to maturity was cost beneficial, and a comparison of the interest rate on the debt issued to Capital Corp. against the interest rate available to the company from non-affiliated sources.

(4) Approval of this Application shall have no implications for ratemaking purposes.

(5) This matter shall be continued, subject to the continued review, audit, and appropriate directive of the Commission.

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

³ *Application of Virginia-American Water Company and American Water Capital Corp., to continue participation in a financial services agreement with an affiliate*, Case No. PUE-2014-00111, Doc. Con. Cen. No. 141230041, Order Granting Authority (Dec. 23, 2014).

**CASE NO. PUE-2015-00055
NOVEMBER 6, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of a Natural Gas Supply Investment Plan pursuant to § 56-609 of the Code of Virginia

ORDER ON APPLICATION

On May 12, 2015, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a proposed Natural Gas Supply Investment Plan ("Plan") in accordance with § 56-609 of the Code of Virginia ("Code").

In its Application, the Company proposes to consummate a transaction with Energy Corporation of America to acquire a non-operating, wellbore working interest in natural gas producing wells in the Marcellus Shale region. The Application states that the Company would make an approximately

\$122 million investment to acquire an approximate 96% working interest in proved gas reserves in 22 wells in Greene County, Pennsylvania, and three wells in Clearfield County, Pennsylvania.¹ The gas reserves acquired through the Plan would partially replace base gas commodity purchases the Company would otherwise make.² The Plan will also provide for the gathering, transportation and receipt of these gas reserves over a 20-year period.³ The recovery of the costs associated with the Plan would be coordinated with the production and receipt of the natural gas over 20 years.⁴ The Company asserts that the Plan meets all the requirements of Code § 56-609 and is in the public interest in that it offers reasonably anticipated benefits to its Virginia customers in the form of savings in the delivered costs of gas versus current long-term forward market projections.⁵ The Company further asserts that the Plan also benefits Virginia customers by reducing the Company's overall portfolio price volatility and overall supply risk for base gas volumes.⁶

On June 3, 2015, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed WGL to provide public notice of this matter. The Commission held a public evidentiary hearing on September 30 and October 1, 2015. The following participated at the hearing: WGL; the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); and the Commission's Staff ("Staff"). No public witnesses appeared to testify at the hearing. On October 9, 2015, WGL, Consumer Counsel, and Staff filed post-hearing briefs.⁷

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the specific Plan as proposed in the Company's Application is not in the public interest, and, therefore, the Application is denied.

Code of Virginia

This case involves the first application that has been filed pursuant to Code § 56-609, which provides as follows:

A) As used in this section, unless the context requires a different meaning: "Eligible natural gas supply infrastructure costs" includes the investment in eligible natural gas supply infrastructure projects and the following:

1) Return on the investment. In calculating the return on investment, the Commission shall use the natural gas utility's then in effect weighted average cost of capital, including the cost of debt and equity, based on its regulatory capital structure used in determining the natural gas utility's base rates. The investment will be multiplied by the weighted average cost of capital to determine the return on investment;

2) A revenue conversion factor. Such factor, including income taxes, shall be applied to the required operating income resulting from the eligible natural gas supply infrastructure costs;

3) Operating and maintenance expense, which includes the amount of operating and maintenance expense utilized in production wells, processing the gas produced, and gathering, transmission, and distribution lines delivering the gas to a pipeline or distribution system;

4) Depreciation. In calculating depreciation, the Commission shall use the natural gas utility's current depreciation rates for investments in distribution infrastructure, as set out by appropriate asset class. The utility shall propose a basis for recovering for the depreciation or depletion of investments in other asset classes in the natural gas supply investment plan, including investments in natural gas reserves that will deplete based on their useful life or of associated facilities that may be retired upon depletion of natural gas reserves;

5) Property tax, severance tax, and any other taxes or government fees associated with production and transmission of natural gas; and

6) Carrying costs on the over-recovery or under-recovery of the eligible natural gas supply infrastructure costs. In calculating the carrying costs, the Commission shall use the natural gas utility's regulatory capital structure as determined in subdivision 1 of this definition.

"Eligible natural gas supply infrastructure projects" means capital investments in natural gas reserves and upstream pipelines and facilities that, alone or in combination with other projects or strategies, offer reasonably anticipated benefits to customers and markets, which benefits mean (i) savings in the delivered cost of gas versus long-term forward market projections available to the natural gas utility at the time of the capital

¹ Application at 1.

² *Id.*

³ *Id.* at 1-2.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ On October 14, 2015, WGL filed a Proffer that proposed changes to the Plan. On October 27, 2015, the Commission issued an Order finding that due to the time limitations imposed by statute for this proceeding, as well as other procedural requirements meant to provide all participants a full opportunity to address all issues, it is neither practical nor possible at this late stage to re-open the record, hold additional evidentiary hearings, and consider fairly the Proffer.

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investment or other alternatives, (ii) a reduction in the utility's overall portfolio price volatility, (iii) reduction in the utility's overall supply risk, or (iv) any combination of the savings or reductions described in clauses (i), (ii), and (iii). Any such customer benefit benchmarks shall be outlined in the natural gas utility's filings with the Commission pursuant to this section.

"Investment" means actual costs incurred on eligible natural gas supply infrastructure projects, including planning, development, and construction costs; actual costs of infrastructure associated therewith; and an allowance for funds used during construction. In calculating the allowance for funds used during construction, the Commission shall use the natural gas utility's actual regulatory capital structure as determined in subdivision 1 of the definition of eligible natural gas supply infrastructure costs.

"Natural gas reserves and upstream pipelines and facilities" means investments in natural gas reserves, production facilities (including equipment required to prepare the natural gas for use), gathering, transmission, and, within the natural gas utility's certificated service territory, any distribution pipelines necessary to deliver the reserves, and above-ground and below-ground storage used in the delivery of gas to existing natural gas transmission pipelines or distribution systems.

"Natural gas supply investment plan" means a plan filed by a natural gas utility that identifies proposed eligible natural gas supply infrastructure projects and its development of those projects with or without a third party.

B) A natural gas utility shall have the right to recover eligible natural gas supply infrastructure costs on an ongoing basis through the gas cost component of the utility's rate structure or other recovery mechanism approved by the Commission, provided that any such mechanism shall properly allocate costs. Natural gas utilities using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6 shall be eligible to file a plan. The plan shall include a timeline for the investment and completion of the proposed eligible natural gas supply infrastructure projects; provide for an estimated schedule for recovery of the related eligible natural gas supply infrastructure costs through the gas cost component of the utility's rate structure or other mechanism, including proposed depreciation rates for investments in non-distribution asset classes and how any revenue gains from the use of the pipelines by third parties will be used to offset eligible natural gas supply infrastructure costs; and demonstrate that the plan is in the public interest with due consideration to providing a portion of the utility's delivered supply at prices at or below the long-term projections as available and defined in the natural gas utility's filing, or reduction in the utility's overall supply risk, or reduction in the utility's overall portfolio price volatility, or a combination thereof. No project may provide an annual volume of natural gas that exceeds 12.5 percent of the natural gas utility's annual firm sales demand, and no combination of projects may provide an annual volume of natural gas that exceeds 25 percent of the natural gas utility's annual firm sales demand. The natural gas utility's weather-normalized firm sales demand for the calendar year preceding the application shall be deemed to establish the annual firm sales demand for the purposes of calculating the volume and volumetric limits of projects. In no case shall any investment in reserves exceed 20 years. The Commission shall approve such a plan upon a finding that it is in the public interest after notice and an opportunity for hearing in accordance with the provisions of this chapter.

C) In addition to the items included in the plan as specified in subsection B, the plan may provide the utility with an option to receive the gas or sell the gas at market prices. A utility proposing this option as part of its plan shall propose how any revenue gains from the sale of the gas will be used to reduce the cost of gas to its customers. The Commission shall approve or deny, within 180 days, a natural gas utility's initial application for a natural gas supply infrastructure plan. A plan filed pursuant to this section shall not require the filing of rate case schedules. The Commission shall approve or deny, within 120 days, a natural gas utility's application to amend a previously approved plan. If the Commission denies such a plan or amendment, it shall set forth with specificity the reasons for such denial, and the utility shall have the right to refile, without prejudice, an amended plan or amendment within 60 days, and the Commission shall thereafter have 60 days to approve or deny the amended plan or amendment. If the plan is filed as part of a general rate case using the cost of service methodology set forth in § 56-235.2 or a performance-based regulation plan authorized by § 56-235.6, then the Commission shall approve or deny the plan concurrent with or as part of the general rate case decision.

D) No other revenue requirement or ratemaking issues shall be examined in consideration of the initial plan filed pursuant to the provisions of this section.

E) A gas utility with an approved natural gas supply infrastructure plan shall annually file a report of the eligible natural gas supply infrastructure investment made, the eligible natural gas supply infrastructure costs incurred and the amount of such costs recovered, the volume of gas delivered to customers or sold to third parties during the 12-month reporting period, and an analysis of the price of gas delivered to the natural gas utility customers and the market cost of gas during the 12-month period. However, such analysis shall not affect a gas utility's right to recover all eligible natural gas supply infrastructure costs as set forth in subsection B. The report shall also identify the balance of over-recovery or under-recovery of the eligible natural gas supply infrastructure costs at the end of the reporting period and the projected investment to be made, the projected infrastructure costs to be incurred, and the projected costs to be recovered during the next 12-month reporting period.

F) Costs recovered pursuant to this section shall be in addition to all other costs that the natural gas utility is permitted to recover and shall not be considered an offset to other Commission-approved costs of service or revenue requirements.

The Commission has applied the provisions of this statute in analyzing the evidence and arguments presented in this case. Pursuant to Code § 56-609 C, we set forth below with specificity the reasons for denial.

Public Interest

The above statute recognizes, and reflects the public policy of the Commonwealth, that natural gas supply investment plans (as defined therein) may be in the public interest and should be considered for implementation by Virginia's natural gas utilities. None of the participants in this case asserted otherwise.⁸ The Commission likewise agrees that the type of plan proposed by WGL could be positive for WGL's customers and be in the public interest; however, in the form that it has been submitted and on this record, the specific Plan proposed in the Application is not in the public interest and is not good for WGL's customers.

Indeed, the above statute recognizes that not all such plans will necessarily be in the public interest. The detailed provisions of these plans can vary widely. As evidenced by the record developed in this proceeding, there can be a myriad of variables associated with such plans, including: the specific natural gas reserves and upstream pipelines and facilities in which the utility is investing (this may include, as defined in § 56-609, equipment required to prepare the natural gas for use, gathering, transmission, and distribution pipelines necessary to deliver the reserves, and above-ground and below-ground storage used in the delivery of gas to existing natural gas transmission pipelines or distribution systems); the capital costs of the investment; depreciation; ongoing operating and maintenance expenses; property, severance and any other taxes or fees; return on investment; the length of the proposed plan; the volumes of natural gas provided thereunder; and associated risks related to the specific provisions of any particular plan.

As a result, although the statute addresses parameters that may be attendant to such plans, the General Assembly has required the Commission to find that each specific plan proposed by a natural gas utility is in the public interest before it may be implemented under the statute. Code § 56-609 requires WGL to "demonstrate that the plan is in the public interest with due consideration to providing a portion of the utility's delivered supply at prices at or below the long-term projections as available and defined in the natural gas utility's filing, or reduction in the utility's overall supply risk, or reduction in the utility's overall portfolio price volatility, or a combination thereof." This section also directs that the "Commission shall approve such a plan upon a finding that it is in the public interest...."

The Commission has given due consideration to the items listed above, as well as other factors that are relevant to our analysis of the public interest as discussed herein. In this instance, based on the record developed in this proceeding, the Commission agrees with Consumer Counsel and Staff that the specific Plan proposed in the Application is not in the public interest.

Under the specifics of the proposed Plan, the potential harm to customers is too great when compared to the potential benefits. The Company admits that, from the moment the Commission approves the Plan as proposed in the Application, WGL's customers would bear *all* of the Plan's risks and WGL (and its shareholders) would bear none of those risks.⁹ Under such an unbalanced arrangement, an analysis of potential risks, in evaluating the Plan as a whole, becomes particularly relevant to a finding on public interest.

In this regard, the Company's customers bear the risks associated with production volumes from these wells falling short of WGL's projections. WGL witness Wright acknowledged that his estimates of the natural gas reserves and production volumes are just that – estimates – and there remains a risk that production volumes could fall below the levels needed for customers to reap any savings benefit.¹⁰ Staff witness Uland also presented credible production estimates, which significantly impacted the estimated net present value ("NPV") of the Plan.¹¹ Under Mr. Uland's production estimates, the Plan will not save money but, rather, results in a \$51 million NPV *cost* to customers.¹² Moreover, if actual production is lower than Mr. Wright's estimates by any more than 11.6%, the Plan results in an NPV *cost* to customers for the delivered cost of gas.¹³ Staff also noted that "there is no contingency in the contract that would guarantee the replacement of gas should the wells not produce," that "supply risk is not necessarily reduced," and that WGL's supply under the Plan "may be at higher risk than it otherwise would be as the Company would be relying on gas from 25 wells that are located in close proximity to one another and to additional wells operated for others (and thus susceptible to "interference"), to procure [a substantial portion] of its annual firm sales demand."¹⁴ Under the Plan, these production risks – and the increased costs that could result therefrom – are borne by customers; WGL's shareholders bear none.

The Company's customers also bear the risk if WGL's 20-year price forecast is overstated. The statute does not require the Commission to accept, without review or analysis, any single long-term forecast produced by the Company for purposes of evaluating whether the Plan is in the public interest. No party contested that forecast confidence generally decreases as the forecast period extends, and, in this instance, the 20-year plan requires a 20-year forecast. We find that the evidence demonstrates credible concerns regarding sole reliance on the specific U.S. Department of Energy's Energy

⁸ For example, Staff witness Johnson acknowledged that such plans could be a good deal for consumers and discussed various parameters that impact risks and, as a result, would impact whether any particular deal is in the public interest. *See, e.g.*, Tr. (10/01/2015) at 75-79.

⁹ As stated by Consumer Counsel: "The only risk to shareholders identified by Company Witness Garza is the consultant expenses and contract deposit that has been made. Those shareholder 'risks' go away if the Plan is approved by the Commission." Consumer Counsel Brief at 6 (citing Ex. 29 (Garza Rebuttal) at 2, 7. *See also* Tr. (10/01/2015) at 190.

¹⁰ *See, e.g.*, Tr. (10/01/2015) at 171-172, 181-182.

¹¹ Ex. 15 (Uland) at 9-11.

¹² Ex. 23 (Carsley) at 16. This calculation uses the Company's price projections.

¹³ *Id.* at 15-16.

¹⁴ Staff Brief at 8-9.

Information Administration ("EIA") forecast chosen by the Company.¹⁵ Staff also ran a credible price forecast analysis, which resulted in a lower price forecast than WGL's and an NPV *cost* to customers.¹⁶ Combining Staff's price forecast analysis with its production forecast results in a \$64 million NPV *cost* to customers. Under the Plan, the risk of overestimating future natural gas prices is entirely on WGL's customers; WGL's shareholders bear none.

The Company's customers also bear the risks associated with certain variable costs. That is, only the commodity cost is fixed over the 20-year life of the Plan. There are numerous variable costs that are not fixed, including operation and maintenance expenses, future regulatory compliance and taxation costs, and changes in WGL's cost of capital.¹⁷

Code § 56-609 B also states that "[i]n no case shall any investment in reserves exceed 20 years." This provision permits 20-year projects, but it does not mandate that all 20-year projects are in the public interest. Rather, this provision removes the Commission's discretion to find that a project *exceeding* 20 years is in the public interest. In the context of the instant Plan, WGL has not established that its proposed 20-year Plan is in the public interest. The proposed Plan creates too great a risk, when compared to the potential benefits, that customers will be harmed.

Natural Gas Volume Limitations

The statute prohibits the Commission from approving proposed Plans that exceed certain natural gas volumes. Specifically, Code § 56-609 B provides as follows: "No project may provide an annual volume of natural gas that exceeds 12.5% of the natural gas utility's annual firm sales demand, and no combination of projects may provide an annual volume of natural gas that exceeds 25% of the natural gas utility's annual firm sales demand." It is uncontested that the proposed Plan provides an annual volume of natural gas that exceeds 12.5 % of WGL's annual firm sales demand in Virginia.¹⁸

The Company, however, argues that the 12.5% and 25% Virginia statutory limits above do not apply to WGL's Virginia jurisdiction but, rather, apply to WGL's *total combined* annual firm sales demand for Virginia, Maryland, and the District of Columbia.¹⁹ Consumer Counsel and Staff disagree with WGL's statutory interpretation.²⁰ The Commission finds that the Virginia statutory limits apply to WGL's Virginia jurisdictional annual firm sales demand.²¹

The Commission has considered WGL's argument that "the statutory provision that relates to the quantity of annual reserves that may be procured pursuant to § 56-609 B is clear and unambiguous" and does not limit such quantities to a utility's Virginia jurisdictional operations.²² The Commission does not agree that the plain language includes *non-Virginia* jurisdictional load. Moreover, WGL's interpretation of the plain language creates a result in which the statute would be internally inconsistent and incapable of operation.²³

Specifically, there are seven natural gas utilities in Virginia to which the statute applies. Two of those utilities, WGL and Atmos Energy Corporation ("Atmos"), provide natural gas service to jurisdictions outside of Virginia. As a result, if Code § 56-609's reference to a "natural gas utilit[y]" includes non-Virginia jurisdictions, then: (i) the volume limitations for WGL and Atmos would be inconsistent with the limitations on the other five natural gas utilities operating in Virginia; (ii) while a single project for the five Virginia-only utilities would be limited to 12.5% of annual Virginia demand, a single project for WGL could exceed 25% of its Virginia demand (*i.e.*, 12.5% of WGL's total combined demand for Maryland, the District of Columbia, and Virginia reflects over 25% of its Virginia jurisdictional demand); and (iii) based on Atmos' total combined demand from all of the states in which it operates, a single project for Atmos under Code § 56-609 could exceed 100% of its Virginia demand.²⁴ These results are internally inconsistent and, for Atmos, incapable of operation.

¹⁵ See, e.g., Ex. 23 (Carsley) at 7-8 and 9; Tr. (10/01/2015) at 11-12, 32-33, and 65-66; Ex. 20 (EIA Price Forecast v. Actual Cash Settlements). Staff also asserted that WGL "selected a single EIA forecast of among many that that agency offers," that WGL used that forecast "in a manner not countenanced by the agency that developed it," and the EIA itself has cautioned that the forecast used by WGL "should not be viewed in isolation" and "[r]eaders are encouraged to review alternative cases to gain perspective on how variations in key assumptions can lead to different outlooks for energy markets." Staff's Brief at 8 n.6.

¹⁶ Ex. 23 (Carsley) at 13-14.

¹⁷ See, e.g., Ex. 19 (Johnson), Attachment 1 at 10-12; Tr. (10/01/2015) at 18-21, 40-41, 83. In addition, we need not reach herein the legal question of whether the statute *requires* the Commission to adjust the Company's cost of capital during the life of the Plan. The Commission also notes that the Company offered to treat environmental regulatory compliance costs as a regulatory asset. See, e.g., Tr. 166-67. While the Commission does not address herein whether the Company's offer represents a proper accounting treatment for such costs, we note that such treatment would not lessen the obligation of customers to bear those costs.

¹⁸ See, e.g., Ex. 33 (Lowe Rebuttal) 3-7; Ex. 11(Armstrong) at 6.

¹⁹ See, e.g., WGL's Legal Memorandum at 3-5.

²⁰ See, e.g., Staff's Legal Memorandum at 3-6; Consumer Counsel's Legal Memorandum at 2-4.

²¹ Moreover, if the statute did not limit the Plan to 12.5% of WGL's Virginia firm sales demand, we find that the amount of Virginia firm sales demand that would be provided by, and under the terms of, this particular Plan is not in the public interest.

²² WGL's Legal Memorandum at 4.

²³ See, e.g., *Covel v. Town of Vienna*, 280 Va. 151, 158 (2010) ("An absurd result describes situations in which the law would be internally inconsistent or otherwise incapable of operation.") (internal quotes and citations omitted).

²⁴ See, e.g., Staff's Legal Memorandum at 3-6; Consumer Counsel's Legal Memorandum at 2-4; Ex. 11 (Armstrong) at 6 n.6.

WGL further argues that, in other parts of the Code, "distinctions are made between the use of data on a utility's system basis and data limited to a utility's Virginia jurisdictional operations."²⁵ This does not alter our conclusion. Code § 56-609 does not include the words "in Virginia" after any of its references to natural gas utilities, yet the context of those other references are logically limited to Virginia-jurisdictional operations. As noted by Staff:

The Assembly likewise failed to insert "in Virginia" anywhere in § 56-609 A 1, which requires the Commission, in calculating the return on investment to be applied to eligible projects to use "the utility's then in effect weighted cost of capital[.]" Nor do the words "in Virginia" appear in § 56-609 A 4, which directs the Commission to apply "the natural gas utility's current depreciation rates for investment in distribution infrastructure" when calculating that expense. Likewise, the words "in Virginia" are not found in § 56-609 A 6, which requires the Commission, in calculating the natural gas utility's carrying costs, to "use the natural gas utility's regulatory capital structure[.]" Under the Company's interpretation of the statute, the Commission would be obligated to consider WGL's capital structure, weighted cost of capital, and depreciation rates established by the Maryland and D.C. Public Service Commissions in establishing appropriate rates to recover the Company's investment in assets intended to provide service only to Virginia customers. This is non-sensical.²⁶

Finally, even if the statute is found to be ambiguous (*e.g.*, if "the text can be understood in more than one way ... or lacks clearness or definiteness"),²⁷ we find that the reference to "natural gas utility" throughout Code § 56-609 means a Virginia-jurisdictional natural gas utility for, among other things, the reasons discussed above for effectuating the legislative goal and avoiding an absurd result.²⁸

Accordingly, IT IS ORDERED that the Application is denied and this matter is continued.

²⁵ WGL's Legal Memorandum at 4.

²⁶ Staff's Legal Memorandum at 4-5. *See also Eberhardt v. Fairfax County Employees Ret. Sys. Bd. of Trs.*, 283 Va. 190, 194-95 (2012) ("In addition, in evaluating a statute this Court has 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.") (internal quotes and citations omitted).

²⁷ *Covel v. Town of Vienna*, 280 Va. at 158 (internal quotes and citations omitted).

²⁸ *See, e.g., Commonwealth v. Leone*, 286 Va. 147, 150 (2013) ("If a statute is subject to more than one interpretation, we must apply the interpretation that will carry out the legislative intent behind the statute.") (internal quotes and citations omitted). In addition, we do not herein reach the legal question, which was addressed in the participants' briefs, of whether Code § 56-609 requires the Commission to adjust WGL's cost of capital (used in calculating the return on investment included in the costs of the Plan) during the 20-year term of the Plan.

CASE NO. PUE-2015-00057 JUNE 5, 2015

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of amending regulations governing net energy metering

ORDER ESTABLISHING PROCEEDING

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Net Energy Metering Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Virginia Electric Utility Regulation Act, Chapter 23 (§ 56-576 *et seq.*) of Title 56 of the Code of Virginia ("Code"), establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth of Virginia. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

Chapters 431 and 432 of the 2015 Acts of Assembly amended § 56-594 of the Code to: (1) increase the capacity limit for participation by nonresidential customers in the net energy metering program from 500 kilowatts to one megawatt for facilities placed into service after July 1, 2015; (2) eliminate the authorization for electric utilities to allow a higher capacity limit for nonresidential customers than that set forth in the statute; (3) require that the capacity of any generating facility installed after July 1, 2015, shall not exceed the expected annual energy consumption based on the previous twelve months of billing history or an annualized calculation of billing history if twelve months of billing history is not available; (4) require any eligible customer-generator seeking to participate in net energy metering to notify its supplier and receive approval to interconnect prior to installation of an electrical generating facility; and (5) clarify requirements regarding the customer-generator's obligation to bear the costs of equipment required for the interconnection to the supplier's electric distribution system. The current Net Energy Metering Rules thus must be revised to reflect the changes set forth in Chapters 431 and 432.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that a proceeding should be established to amend the Net Energy Metering Rules to increase the capacity limit for participation by nonresidential customers in the net energy metering program, to eliminate the authorization for electric utilities to allow a higher capacity limit for nonresidential customers than that set forth in the statute, to require that new net metering facilities do not exceed the customer's expected annual energy consumption based on the twelve months of billing history, to require any eligible customer-generator seeking to participate in net energy metering to notify its supplier and receive approval to interconnect prior to installation of an electrical generating facility, and to clarify requirements regarding the customer-generator's obligation to bear the costs of equipment required for the interconnection to the supplier's electric distribution system.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

To initiate this proceeding, the Commission Staff has prepared proposed rules ("Proposed Rules") which are appended to this Order. We will direct that notice of the Proposed Rules be given to the public and that interested persons be provided an opportunity to file written comments on, propose modifications or supplements to, or request a hearing on the Proposed Rules. We will further direct that each Virginia electric distribution company within the meaning of 20 VAC 5-315-20 serve a copy of this Order upon each of their respective net metering customers and file a certificate of service. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of § 56-594 of the Code pursuant to Chapters 431 and 432 of the 2015 Acts of Assembly.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2015-00057.
- (2) The Commission's Division of Information Resources shall forward a copy of this Order Establishing Proceeding to the Registrar of Regulations for publication in the Virginia Register of Regulations.
- (3) On or before June 23, 2015, each Virginia electric distribution company shall serve a copy of this Order upon each of their respective net metering customers and file a certificate of service no later than July 10, 2015, consistent with the findings above.
- (4) On or before July 31, 2015, any interested person may comment on, propose modifications or supplements to, or request a hearing on the Proposed Rules by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Individuals should be specific in their comments, proposals, or supplements to the Proposed Rules and address only those issues pertaining to the amendment of § 56-594 of the Code of Virginia pursuant to Chapters 431 and 432 of the 2015 Acts of Assembly. Issues outside the scope of implementing this amendment will not be open for consideration. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If a sufficient request for hearing is not received, the Commission may consider the matter and enter an order based upon the papers filed herein. Interested parties shall refer in their comments or requests to Case No. PUE-2015-00057. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.
- (5) This matter is continued for further orders of the Commission.

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

**CASE NO. PUE-2015-00057
NOVEMBER 24, 2015**

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

Ex Parte: In the matter of amending regulations governing net energy metering

ORDER ADOPTING REGULATIONS

The Regulations Governing Net Energy Metering, 20 VAC 5-315-10 *et seq.* ("Existing Rules"), adopted by the State Corporation Commission ("Commission") pursuant to § 56-594 of the Code of Virginia, establish the requirements for participation by an eligible customer-generator in net energy metering in the Commonwealth of Virginia. The Net Energy Metering Rules include conditions for interconnection and metering, billing, and contract requirements between net metering customers, electric distribution companies, and energy service providers.

On June 5, 2015, the Commission entered an Order Establishing Proceeding ("Order") to consider revisions to the Existing Rules to reflect statutory changes enacted by Chapters 431 and 432 of the 2015 Acts of Assembly, which amended § 56-594 of the Code of Virginia to: (1) increase the capacity limit for participation by nonresidential customers in the net energy metering program from 500 kilowatts to one megawatt, for facilities placed into service after July 1, 2015; (2) eliminate the authorization for electric utilities to allow a higher capacity limit for nonresidential customers than that set forth in the statute; (3) require that the capacity of any generating facility installed after July 1, 2015, shall not exceed the expected annual energy consumption based on the previous twelve months of billing history or an annualized calculation of billing history if twelve months of billing history is not available; (4) require any eligible customer-generator seeking to participate in net energy metering to notify its supplier and receive approval to interconnect prior to installation of an electrical generating facility; and (5) clarify requirements regarding the customer-generator's obligation to bear the costs of equipment required for the interconnection to the supplier's electric distribution system.

The Commission appended to its Order proposed amendments ("Proposed Rules") revising the Existing Rules, which were prepared by the Staff of the Commission to reflect the revisions mandated by Chapters 431 and 432.

Notice of the proceeding and the Proposed Rules were published in the Virginia Register of Regulations on June 29, 2015. Additionally, each Virginia electric distribution company was directed to serve a copy of the Order upon each of their respective net metering customers. Interested persons were directed to file any comments and requests for hearing on the Proposed Rules on or before July 31, 2015.

Appalachian Power Company, Kentucky Utilities ("KU"), Virginia Electric and Power Company ("Virginia Power"), the Virginia Electric Cooperatives ("Cooperatives"),¹ Maryland DC Virginia Solar Energy Industries Association ("MDV-SEIA"), Solar Services, Inc., the Sierra Club ("Sierra Club"), Joy Loving, Timothy Carr, Thomas Crockett, Joseph Schill, Carolyn Ogelsby, Charles Bier, Timothy Dolan, Mr. and Mrs. Edwin Craun, Mark Hanson, Mark Howard, Sue Krantz, Richard Good, William Marsh, Monica Rokicki, J. Daryl Byler, Jeanne Kirby, Walter Barry, Douglass McCallum, John M. Roberts, Odile Heisel, Brendan Breen, John Wray, Douglass Jones, Bryan Hantman and Mark Laity-Snyder filed comments. No one requested a hearing on the Proposed Rules.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the regulations attached hereto as Appendix A ("Revised Rules") should be adopted as final rules. To the extent parties have requested changes to the Proposed Rules that go beyond the scope of the modifications required by Chapters 431 and 432, we will not expand the scope of this proceeding to consider issues beyond those required to implement the amendments to § 56-594 of the Code of Virginia. In addition, some commenters have objected to the requirements set forth in Chapters 431 and 432 or the language used in the statute. These matters are beyond the Commission's jurisdiction to remedy and will not be addressed herein.

Virginia Power notes that the Proposed Rules limit the capacity of a customer-owned generation facility, but do so in terms of kilowatt hours rather than kilowatts. While we recognize the concern of Virginia Power, the Proposed Rules correspond with the express direction of the General Assembly in Chapters 431 and 432. Similarly, we will decline to make the modification requested by Joy Loving, Timothy Carr, Thomas Crockett, and Joseph Schill, who note that the rated capacity of a generator is not necessarily the same as the output of the generator. The statute specifically directs the Commission to limit participation based on the capacity of the generator.

KU requests additional clarification regarding the Proposed Rules' applicability to customers adding capacity to an existing generator. We have revised the rules to make clear that a customer seeking to add capacity to a generator must file a new application with the distribution company. KU also requests that the rules require an additional application if the customer replaces a significant portion of the generator. If this replacement results in an increase in capacity, the rules will require a new application; if the capacity is not increased, no new application is required.

Carolyn Ogelsby, Joy Loving, Timothy Carr, Thomas Crockett, Charles Bier, Timothy Dolan, Mr. and Mrs. Edwin Craun, Mark Hanson, and Mark Howard all request that the capacity calculated by the distribution company allow for accommodation of future needs or future conversion of non-renewable customer-owned generation to renewable. Under the Revised Rules, any such conversion or modification would result in an increase in capacity, and thus a new application.

The Sierra Club, MDV-SEIA, Joy Loving and Thomas Schill request additional clarification regarding calculation of capacity based on a customer's previous twelve months of usage. We do not believe that additional clarification is necessary. The statute describes the requirement discussed by the Sierra Club as "based on usage during the previous 12 month period," which will be determined by the distribution company using existing methodologies for estimating usage. If a customer disagrees with the calculation, they can pursue an informal complaint with the Commission.

Several commenters request changes in the approval process and application form to be submitted to the distribution company by the customer. The Cooperatives note that there is a problem in the order of approval in 20 VAC 5-315-30 (A)(1) and (A)(2). There are two steps to the approval process, but only one form is provided in the rules. We agree that there are two steps in the process under the rules. First, the customer must notify the utility of the generation to be interconnected, including the proposed unit's generating capacity. Second, the customer must verify that all requirements for interconnection have been met. The Revised Rules modify the form to properly align with the process set forth in the statute.

MDV-SEIA requests that the rules be modified to make clear that a distribution company may only reject the application if the customer fails to meet the requirements set forth in the statute. We do not believe this clarification is necessary. If a customer believes an application has been denied improperly, the customer may pursue an informal complaint with the Commission.

We will deny additional requests for changes to the rules regarding notification and approval. The Revised Rules clearly define a two-step process for interconnection of new customer-owned generation, and clearly delineate the notification required by each party, all consistent with the requirements set forth in the statute.

Virginia Power requests that the Commission eliminate the requirement in 20 VAC 5-315-40 for multiple signatures, requiring only one signature for certification and allowing the form to be automated electronically. We disagree with Virginia Power. The rules currently require multiple signatures for the safety of the customer and distribution company before the facility is interconnected. The Commission is unaware of any customer seeking a more streamlined process. Virginia Power also requests that the rules require that all equipment must meet Underwriters Laboratories and The Institute of Electrical and Electronics Engineers standards. This is already provided for in 20 VAC 5-315-70, and thus no further modification of the rules is necessary.

The Cooperatives and KU each request several changes to 20 VAC 5-315-40 (A)(7) to ensure consistency in language and verb tense. We agree, and have modified the Revised Rules to address these concerns.

Timothy Carr, Richard Good, and the Sierra Club each request additional clarification regarding the costs the generator must pay the utility for installation. We clarify that the costs in question are equipment and labor costs for work needed to interconnect with the distribution company. These costs are already addressed in the rules, and thus no modification is needed at this time.

Virginia Power requests that the Commission modify 20 VAC 5-315-70 to make clear that in addition to other costs noted in the rules, the customer-generator will be responsible for: (1) additional tests related to the interconnection; and (2) the costs of interconnection. We do not believe that additional clarification is necessary, as the costs to be paid by the customer are already defined by the rules.

¹ The filing entitled "Comments of the Virginia Electric Cooperatives" was submitted jointly on behalf of: A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Powell Valley Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative, as well as the Virginia, Maryland & Delaware Association of Electric Cooperatives.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

(1) The Regulations Governing Net Energy Metering, as shown in Appendix A to this Order, are hereby adopted and are effective as of December 28, 2015.

(2) A copy of this Order with Appendix A including the Regulations Governing Net Energy Metering shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) On or before January 12, 2016, each utility in the Commonwealth subject to Chapter 10 (§ 56-232 *et seq.*) of Title 56 of the Code of Virginia shall file with the Clerk of the Commission, in this docket, one (1) original document containing any revised tariff provisions necessary to implement the regulations adopted herein, and shall also file a copy of the document containing the revised tariff provisions with the Commission's Division of Energy Regulation. The Clerk of the Commission need not distribute copies but shall make such filings available for public inspection in the Clerk's Office and post them on the Commission's website at: <http://www.scc.virginia.gov/case>.

(4) This docket shall remain open to receive the filings from electric utilities pursuant to Ordering Paragraph (3).

NOTE: A copy of the attachment entitled "2015 Net Metering Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

**CASE NO. PUE-2015-00057
DECEMBER 4, 2015**

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

Ex Parte: In the matter of amending regulations governing net energy metering

CORRECTING ORDER ADOPTING REGULATIONS

In an Order Adopting Regulations entered herein November 24, 2015, subsection A (2) of 20 VAC 5-315-30 found on page 6 of the amendments to the Rules Governing Net Energy Metering, was incorrect. The corrected page 6 containing the text as it should have been adopted, is attached.

Accordingly, IT IS ORDERED THAT:

(1) The text in subsection A (2) of 20 VAC 5-315-30 found on page 6 of the amendments to the Rules Governing Net Energy Metering in the Order Adopting Regulations entered November 24, 2015, shall be corrected in accordance with the text in subsection B (2) as it should have been proposed, which is attached hereto as Appendix A and made a part hereof.

(2) All other provisions of the Order Adopting Regulations entered November 24, 2015, shall remain in full force and effect.

(3) The correction shall be provided to the Register of Regulations for appropriate publication in the *Virginia Register of Regulations*.

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

**CASE NO. PUE-2015-00062
JULY 22, 2015**

APPLICATION OF
REE VA, INC.,
and
PO RIVER WATER AND SEWER COMPANY

For approval of an affiliate transaction pursuant to Va. Code § 56-76 *et seq.*

ORDER GRANTING APPROVAL

On May 28, 2015, REE VA, Inc. ("REE VA"), and Po River Water and Sewer Company ("Po River") (collectively, "Applicants") filed with the State Corporation Commission ("Commission") a Motion to File Application for Approval of Affiliate Transaction Out-of-Time ("First Motion"), together with an application ("Original Application") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ which requested approval of an affiliate agreement ("Original Agreement") under which REE VA will provide certain environmental, management, and operational services ("Services") to Po River.² In the First Motion, Applicants state that, as part of the Commission's April 23, 2015 Order Granting Approval of the transfer of Po River's stock to

¹ § 56-76 *et seq.*

² The Original Application was deemed complete by the Commission's Staff ("Staff") on May 28, 2015.

REE VA, the Commission granted the Applicants interim operating authority to engage in certain affiliate transactions pending the financial closing of the transfer.³ The Applicants further state that the Commission directed the Applicants to file for final approval of the affiliate transactions, and for approval of any other affiliate transaction to be provided to Po River, within ten days of financial closing of the transfer.⁴ The Applicants represent that ten days from the financial closing date was May 26, 2015; however, the Applicants state that while they timely filed an application on May 26, 2015, as a result of an administrative error with the filing, a new filing was required. The Applicants requested that the Commission grant the Applicants a two-day extension from May 26, 2015, to May 28, 2015, to file the Original Application.

On July 2, 2015, the Applicants filed a Motion to Amend [Original] Application for Approval of Affiliate Transaction ("Second Motion"), together with an amended Application ("Amended Application"), amended Transaction Summary, and an amended and restated affiliate Agreement ("Amended Agreement"), in order to clarify that: (1) REE, LLC, an affiliate of Po River, will not provide any services to Po River; (2) REE VA will not charge a management fee to Po River; and (3) REE Products, Inc. ("REE Products"), an affiliate of Po River, will provide certain goods to Po River for its utility operations.⁵

REE VA is a Virginia public service corporation owned by Matthew Raynor. Po River is a Virginia public service corporation that provides water and wastewater services at the Indian Acres Club of Thornburg campground located in Spotsylvania County, Virginia. As previously noted, REE VA recently acquired the common stock of Po River.

The Services that REE VA will provide to Po River under the proposed Amended Agreement will include executive and local management, administration, corporate secretarial, operations, engineering, geological, accounting, financial, taxes, information systems and communications, billing and collection, human resources, rates and regulatory compliance, legal, risk management, and purchasing and supply services.⁶ The Services will be provided to Po River at actual cost. The goods that REE Products will sell to Po River consist of interior bar screens for the lift station and wastewater facilities, for which REE Products has a patent. REE Products will sell the goods to Po River at a discounted rate, which will be below the market rate for a similar product. The Applicants represent that the proposed Amended Agreement will ensure that REE VA and REE Products will provide Services and goods to Po River in an efficient and cost-effective manner, with processes put in place to ensure that costs are appropriately direct charged or allocated to Po River.

NOW THE COMMISSION, upon consideration of the Application and having been advised by Staff, is of the opinion and makes the following findings. First, the Applicants' First Motion requesting a two-day extension to file the instant application based on the Applicants' administrative error is granted. Second, the Applicants' Second Motion to replace the Original Agreement with the Amended Agreement in order to clarify certain terms contained therein is reasonable and should be granted. Finally, the Commission finds the Amended Agreement is in the public interest and should be approved subject to certain requirements outlined in Staff's action brief filed contemporaneously with this Order.

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' First and Second Motions are hereby granted.
- (2) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval of the Amended Agreement subject to the requirements set forth herein.
- (3) The approval granted herein shall be limited to five years from the date of this Order.
- (4) The "without limitation" clause in the first line of the Appendix shall be removed from the Amended Agreement.
- (5) The approval granted herein shall be limited to the Services specifically identified in the Amended Agreement and Amended Application. Should Po River wish to receive any additional services from REE VA, separate Commission approval shall be required.
- (6) Separate approval shall be required for Po River to receive Services from REE VA through the engagement of affiliated third parties.
- (7) The approval granted herein shall be limited to the goods specifically identified in the Amended Application. Separate Commission approval shall be required for the transfer of any other assets between Po River and any affiliate.
- (8) Separate Commission approval shall be required for any changes in the terms and conditions of the approved Amended Agreement, including any changes in allocation methodologies or successors or assigns.
- (9) Po River shall maintain records to demonstrate that the Services received by Po River from REE VA are cost-beneficial to Virginia customers. For any Services received by Po River from REE VA where a market may exist, Po River shall investigate whether alternative service providers are available and, if they exist, Po River shall compare the market price to REE VA's costs and pay to REE VA the lower of cost or market. Po River shall bear the burden, in any rate proceeding, of demonstrating that the Services received from REE VA under the Amended Agreement were priced at the lower of cost or market where a market exists. The same recordkeeping, pricing, and regulatory burden applies to any transfer of goods from REE Products to Po River.

³ See *Joint Petition of REE VA, Inc., and Po River Water and Sewer Co., For approval of a transfer of stock*, Case No. PUE-2014-00112, Doc. Con. No. 150420156, Order Granting Approval (Apr. 23, 2015).

⁴ *Id.* at 4.

⁵ The Amended Application was deemed complete on July 2, 2015. The filing of the Second Motion and Amended Agreement restarted the statutory review period. Compared to the amended Transaction Summary, the original Transaction Summary stated that another affiliate, REE, LLC, may provide environmental services to Po River, and that REE VA may charge a two percent (2%) management service fee to Po River. Compared to the Amended Agreement, the original Agreement omitted REE Products.

⁶ The Services are described in detail in the Appendix ("Appendix") to the proposed Amended Agreement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(10) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Amended Agreement.

(11) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code hereafter.

(12) The Commission reserves the right to examine the books and records of any Po River affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(13) Po River shall file a signed and executed copy of the Amended Agreement, modified as approved herein, within thirty (30) days of the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(14) Po River shall be required to include all transactions associated with the approved Amended Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information Po River currently provides, Po River shall include in the ARAT the following information regarding the Amended Agreement:

- (a) The case number in which the transactions were approved;
- (b) Identification of the Po River affiliate(s) involved in each transaction;
- (c) Description of each transaction and specific Service or good received;
- (d) Transactions by month; and
- (e) Dollar amount charged to, or paid by, Po River for each transaction per month.

(15) In the event that Po River's base rate proceedings are not based on a calendar year, then Po River shall include the affiliate information contained in its ARAT in such filings.

(16) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00064
AUGUST 25, 2015**

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval to implement a 2015-2016 SAVE Plan and Rider adjustment

ORDER APPROVING SAVE RIDER ADJUSTMENT

On June 1, 2015, Atmos Energy Corporation ("Atmos" or the "Company"), filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Steps to Advance Virginia's Energy Plan ("SAVE") Act,¹ requesting approval to implement its 2015-2016 SAVE Plan and Infrastructure Reliability and Replacement Adjustment ("SAVE Rider").²

On June 18, 2015, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, established a procedural schedule requiring the Company to publish notice of the Application; provided interested persons the opportunity to request a hearing or file comments on the Application; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") on its findings and recommendations. No requests for hearing or comments were filed.

The Staff filed its Report on July 31, 2015. With regard to the 2015-2016 SAVE Rider, the Staff's analysis produced an Infrastructure Replacement Current Rate ("IRCR") revenue requirement of \$670,966 and an Infrastructure Replacement Reconciliation Rate ("IRRR") revenue requirement credit of \$111,609, for a total SAVE Rider revenue requirement of \$559,357. The Staff recommended that the Commission approve the 2015-2016 SAVE Rider to recover those amounts effective October 1, 2015.³

Additionally, the Staff recommended that Atmos be required to: (1) file an updated weighted average cost of capital with its next rate application or annual SAVE application (due on June 1, 2016), whichever comes first; (2) update the Company's tax rates, jurisdictional factor and uncollectible rate for the fiscal year reflected in its annual SAVE application; and (3) revise its tariff at Sheet Nos. 28.3-28.5, by deleting and inserting certain language in order to streamline the tariff.⁴

¹ Virginia Code §§ 56-603, *et seq.*

² The Company also filed a Motion for Protective Order on June 1, 2015.

³ On August 11, 2015, the Staff filed a revised page three of the Staff Report, to correct an error in footnote four on that page.

⁴ See Staff Report at 9.

On August 14, 2015, Atmos filed its response to the Staff Report, wherein it stated that it does not object to Staff's recommendations. Specifically, the Company stated that, although it does not necessarily agree with all of Staff's calculations and adjustments, it does not object to Staff's final revenue requirements for the proposed IRCR and IRRR. Atmos stated further that it does not object to Staff's recommended revisions to the Company's tariff.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's 2015-2016 SAVE Rider, as modified herein, should be approved.

The recommendations made by the Staff in its Report, as stated above, are reasonable and should be approved. Specifically, we find that, because the capital structure approved in the Company's 2009 rate case⁵ is more than five years old, the Company should file an updated weighted average cost of capital with its next rate application or annual SAVE application, whichever comes first. Additionally, we find that the Company should update its tax rates, jurisdictional factor and uncollectible rate for the fiscal year reflected in its annual SAVE application. We further find that Staff's recommended modifications to the Company's tariff are reasonable and should be accepted in this case.⁶

Accordingly, IT IS ORDERED THAT:

- (1) The Company's 2015-2016 SAVE Rider is approved as modified by the Staff in its Report.
- (2) The Company shall file an updated weighted average cost of capital with its next rate application or annual SAVE application, whichever comes first.
- (3) Atmos shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariffs for the 2015-2016 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order Approving SAVE Rider Adjustment. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) This matter is dismissed.

⁵ *Application of Atmos Energy Corporation, For an Expedited Increase in Rates and to Revise Tariffs*, Case No. PUE-2009-00004, 2009 S.C.C. Ann. Rept. 378, Final Order (Nov. 23, 2009).

⁶ In light of the fact that no requests for confidential information were made in this case, we need not rule on the Company's Motion for Protective Order.

**CASE NO. PUE-2015-00066
JULY 29, 2015**

APPLICATION OF
HOSPITAL ENERGY, LLC

For a license to conduct business as an aggregator for electricity and natural gas

ORDER GRANTING LICENSE

On June 5, 2015, Hospital Energy, LLC ("Hospital 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"). On June 18, 2015, the Company filed a letter to provide supplemental information to correct and amend its Application. In its Application, the Company seeks authority to serve eligible commercial and governmental customers throughout the Commonwealth of Virginia.¹ Hospital 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").

On June 23, 2015, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Hospital Energy to serve a copy of the Order for Notice and Comment 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 July 6, 2015, Hospital Energy filed proof of service. On July 10, 2015, Virginia Electric and Power Company, d/b/a Dominion Virginia Power filed a notice of participation and comments urging the Commission and its Staff to investigate and closely examine Hospital Energy's financial and technical fitness.

¹ Although Hospital 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 Virginia Power, 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 FERC authority since the mid-1980s.

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On July 15, 2015, the Staff filed its Staff Report, which summarized Hospital Energy's Application and evaluated its financial condition and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of natural gas and electricity to commercial and governmental customers throughout the Commonwealth of Virginia.² No responses were filed to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that it should grant Hospital Energy's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial and governmental customers throughout Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

- (1) Hospital Energy, LLC, hereby is granted License No. A-42 to provide competitive aggregation service for electricity and natural gas to eligible commercial 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.

² Staff Report at 5.

**CASE NO. PUE-2015-00067
JUNE 26, 2015**

APPLICATION OF
PRINCE GEORGE ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On June 8, 2015, Prince George Electric Cooperative ("Prince George" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow \$3,500,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"). Prince George has paid the requisite fee of \$250.

Prince George is seeking authority to borrow \$3,500,000 from CFC to retire, prior to maturity, four loans with the Rural Utilities Services ("RUS"), which total approximately \$3,500,000. The existing loans carry an average interest rate in excess of 5.0%. There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the new debt has been locked in at an average interest rate of 4.01% for the life of the loan. The CFC debt will have a 15 year maturity. According to the application, Prince George expects to save over \$1.3 million over the life of the new loan with CFC.

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) Prince George is authorized to incur up to \$3,500,000 in debt obligations with CFC, under the terms and conditions and for the purposes stated in its application.
- (2) Within thirty (30) days of the date of any advance of funds from CFC, the Cooperative shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00069
JULY 24, 2015**

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For authority to incur long-term indebtedness

ORDER GRANTING AUTHORITY

On June 10, 2015, Northern Virginia Electric Cooperative ("NOVEC") filed an application with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia for authority to incur long-term debt. NOVEC has paid the requisite fee of \$250.

NOVEC is seeking authority to incur up to \$120 million in debt from National Rural Utilities Cooperative Finance Corporation ("CFC"), Rural Utilities Service ("RUS"), and CoBank. NOVEC will issue \$75 million in debt to the CFC to provide bridge financing for distribution plant expansion. Once the bridge financing matures, NOVEC will issue \$110 million in debt to RUS with \$75 million of the proceeds being used to pay off the CFC debt and the remaining \$35 million being used to fund additional distribution construction. NOVEC will issue \$10 million in debt to CoBank to finance the construction of a new administrative facility in Loudoun County. At no time will the combined outstanding balance of this financing exceed \$120 million. The interest rates on the CFC, RUS, and CoBank debt is currently 2.186%, 3.035% or 3.325%, and 2.186% or 4.35%, respectively; however the actual interest rate will be the prevailing market-based rate at the time of each debt issuance. The maturity on the CFC, RUS, and CoBank debt will be 3 years, 20 or 30 years, and 30 years, respectively.

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) NOVEC is authorized to borrow up to an aggregate of \$120 million from CFC, RUS, and CoBank, all in the manner, under the terms and conditions, and for the purposes set forth in the application.

(2) Within thirty (30) days of the date of any advance of funds from CFC, RUS, or CoBank, NOVEC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance, the interest rate, and the interest rate term.

(3) The authority granted herein shall have no implications for ratemaking purposes. (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

¹ Va. Code § 56-55 *et seq.*

**CASE NO. PUE-2015-00071
OCTOBER 23, 2015**

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

ORDER APPROVING AMENDED SAVE PLAN

On August 3, 2015, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed with the State Corporation Commission ("Commission") an application for approval to amend and extend its SAVE Plan pursuant to Chapter 26 of Title 56 (§§ 56-603 *et seq.*) of the Code of Virginia ("SAVE Act") and for approval to implement a 2016 Infrastructure Reliability and Replacement Adjustment ("IRRA") in accordance with Section 20 of its General Terms and Conditions ("Application").

In its Application, the Company requests a \$5 million annual increase in authorized expenditures, to \$30 million per year, over a five-year extended term (2016-2020) of its SAVE Plan. According to the Company, the increase in authorized expenditures will facilitate the accelerated replacement of approximately \$150 million of SAVE eligible natural gas infrastructure during the extended term ("Phase 2") of the SAVE Plan. CGV is not proposing to modify the scope of eligible infrastructure replacements to be performed under the SAVE Plan and is not proposing any other substantive changes to the terms and conditions of the SAVE Plan. While the current SAVE Plan is not scheduled to expire until December 31, 2016, the Company is proposing to implement Phase 2 of the SAVE Plan effective with the first billing unit of January 2016, in order to address an anticipated shortfall in authorized 2016 funding.

CGV also requests authority to implement a 2016 IRRA in accordance with Section 20 of its General Terms and Conditions, as contemplated in the Commission's November 28, 2011 Order Approving Amended SAVE Plan and Rider in Case No. PUE-2011-00049,¹ as modified by the July 3, 2013 Order Approving Amended SAVE Plan in Case No. PUE-2013-00015² and including the increased funding authorization proposed in its Application. The Company's SAVE Plan, as amended, was authorized pursuant to the SAVE Act.

The Company represents that, if approved, the proposed amended SAVE Plan would increase the average residential customer's annual bill by \$11.28 in 2016.

On August 20, 2015, the Commission entered an Order for Notice and Comment which, among other things, provided interested persons the opportunity to file comments, requests for hearing, and notices of participation; required the Commission's Staff ("Staff") to file a report ("Staff Report"); and permitted the Company to respond to the Staff Report, any comments, or requests for hearing ("Response"). No comments, requests for hearing, or notices of participation were filed in this proceeding. The Staff filed its Staff Report on October 9, 2015.

In its Report, Staff notes that the Company's 2014 True-Up Factor is designed to refund \$474, 292 of over-recoveries, including carrying costs, from 2014.³ Staff's 2014 True-Up Factor also is \$474, 292.⁴ Staff notes, however, that CGV did not calculate any over- or under-recovery of SAVE Plan expenses for the months of October through December 2014.⁵ Staff believes that regardless of the suspension of the Company's Projected Factor during these three months, a level of SAVE Plan related costs were reflected in the Company's base rates during that time, and, therefore, the level reflected in base rates should serve as the basis for calculating over- and under-recoveries for these months.⁶ Staff explains that CGV has represented, that in theory, it is in agreement with this.⁷ However, due to the statutory deadline in this proceeding, Staff states that it has not had time to correctly quantify this amount.⁸ Therefore, Staff's recommended 2014 True-Up Factor in this case does not reflect the over- or under-recovery of SAVE Plan expenses for the months of October through December 2014.⁹ Staff represents that it anticipates working with the Company to develop an appropriate quantification that takes into account the SAVE Plan related costs and investments reflected in CGV's base rates.¹⁰ Staff states that it intends to include the results of this quantification in the Company's next annual SAVE Plan case.¹¹

In its Staff Report, the Staff explains that the 2016 Projected Factor revenue requirement comprises the return on SAVE Plan net rate base plus related depreciation and property tax costs, grossed-up for the effect of income taxes.¹² Staff states that its recommended revenue requirement of \$4,041,042 is based on SAVE Plan net rate base of \$31,282,433.¹³ Staff explains that the difference between Staff's revenue requirement and the Company's revenue requirement is attributable to revisions to CGV's Accumulated Deferred Income Taxes that were necessary to comply with IRS normalization requirements.¹⁴ Staff states that it has concerns that the Company's Application does not accurately take into account the amount of SAVE Plan investment included in CGV's base rates when calculating any incremental SAVE Plan investment and costs.¹⁵ Staff represents that similar to the 2014 True-Up Factor, it has not had time to develop the correct methodology, and therefore, Staff's 2016 Projected Factor continues to reflect the methodology used by the Company in its Application to calculate the incremental SAVE Plan investment and costs.¹⁶ Staff notes that the Company has represented, in theory, it is in agreement with Staff concerning this issue.¹⁷ Staff states that it anticipates this will be corrected in the Company's next annual SAVE Plan application. Staff's total recommended revenue requirement is the \$4,041,042 for the 2016 Projected Factor and the credit of \$474,292 for the 2014 True-Up Factor, for an actual factor of \$3,566,750.

¹ *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

² *Application of Columbia Gas of Virginia, Inc., For authority to amend its SAVE Plan pursuant to § 56-604 of the Code of Virginia*, Case No. PUE-2013-00015, 2013 S.C.C. Ann. Rept. 356, Order Approving Amended SAVE Plan (July 3, 2013).

³ Staff Report at 4.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.* at 4-5

¹¹ *Id.* at 5

¹² *Id.*

¹³ *Id.* at 5.

¹⁴ *Id.*

¹⁵ *Id.* at 6.

¹⁶ *Id.*

¹⁷ *Id.*

The Company filed its Response to the Staff Report on October 15, 2015, in which CGV supported the Staff's recommendations and requested the Commission approve the proposed amended SAVE Plan subject to Staff's two recommendations.¹⁸

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application to amend its SAVE Plan should be approved subject to the Staff's recommendations.

Accordingly, IT IS ORDERED THAT:

(1) CGV's Application to amend its SAVE Plan, as permitted by § 56-603 *et seq.* of the Code, is approved, subject to the requirements set forth in this Order, and the Company shall comply with the directives herein.

(2) CGV shall file with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariffs and terms and conditions of service for its IRRAs, with workpapers supporting the revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order.

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

¹⁸ Response at 1.

**CASE NO. PUE-2015-00072
OCTOBER 29, 2015**

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authorization to amend and extend its conservation and ratemaking efficiency plan pursuant to Virginia Code § 56-602

FINAL ORDER

On July 1, 2015, Columbia Gas of Virginia, Inc. ("CGV" or "Company"), filed an application with the State Corporation Commission ("Commission") pursuant to § 56-600 *et seq.* of the Code of Virginia ("Code") (hereinafter, the "CARE Act"), requesting authority to amend and extend its natural gas conservation and ratemaking efficiency plan ("Current CARE Plan") approved by the Commission in Case No. PUE-2012-00013 ("Application").¹ The Commission approved the Company's Current CARE Plan for the three-year period beginning January 1, 2013, through December 31, 2015.² The Commission subsequently approved modifications to the Company's Current CARE Plan in Case No. PUE-2013-00114, while maintaining the three-year CARE Plan budget approved in the 2012 Final Order ("Amended CARE Plan").³

In its Application, the Company proposes to amend its Amended CARE Plan and extend it for a three-year period from 2016 through 2018 ("Proposed CARE Plan").⁴ CGV's Proposed CARE Plan includes five conservation and energy efficiency programs with 38 measures.⁵ The Company's Proposed CARE Plan includes the following: (1) continuation of eight measures in their current form; (2) modification of eight measures; and (3) elimination of four measures.⁶ In addition, CGV proposes to add 22 new measures in its Proposed CARE Plan.⁷

The Proposed CARE Plan includes the following programs: (1) Home Savings Program; (2) Business Savings Program; (3) Web-based Home Audit Program; (4) New Homes Program; and (5) Residential Low-Income and Elderly Program.⁸ The New Homes Program is a new program and the proposed Residential Low-Income and Elderly Program combines the Residential Elderly Audit Program and Residential Low-Income Program from the

¹ *Application of Columbia Gas of Virginia, Inc., For authority to extend and amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00013, 2012 S.C.C. Ann. Rept. 395, Final Order (Aug. 6, 2012) ("2012 Final Order").

² CGV's initial CARE Plan was approved by the Commission in Case No. PUE-2009-00051 for a three-year period that ended December 31, 2012. *Application of Columbia Gas of Virginia, Inc., For approval to implement a natural gas conservation and ratemaking efficiency plan including a decoupling mechanism*, Case No. PUE-2009-00051, 2009 S.C.C. Ann. Rept. 484, Final Order (Dec. 4, 2009).

³ *Application of Columbia Gas of Virginia, Inc., For authority to amend its natural gas conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia*, PUE-2013-00114, 2014 S.C.C. Ann. Rept. 326, Final Order (April 10, 2014).

⁴ Application at 7.

⁵ *Id.* at 9.

⁶ *Id.* at 10.

⁷ *Id.* 10.

⁸ *Id.* at 13-14.

Company's Amended CARE Plan.⁹ In addition, the Proposed CARE Plan incorporates the Business Custom Program from the Current CARE Plan as the Custom Projects measure in the Business Savings Program.¹⁰

For the Home Savings Program, CGV proposes three new measures: (1) the Smart Thermostat Measure; (2) the Weather Stripping - Direct Install Measure; and (3) the Door Sweeps - Direct Install Measure.¹¹ In addition, the Company proposes to revise five of its current Home Savings Measures: (1) the High-Efficiency Windows, Doors and Skylights Measure; (2) the Attic Insulation Measure; (3) the Floor Insulation Measure; (4) the High-Efficiency Showerheads - Direct Install Measure; and (5) the Faucet Aerators - Direct Install Measure.¹²

For the Business Savings Program, the Company proposes seven new measures: (1) the High-Efficiency Gas Furnace Measure; (2) the Attic Insulation Measure; (3) the Smart Thermostat Measure; (4) the High-Efficiency Showerheads Measure; (5) the Faucet Aerators -Direct Install Measure; (6) the Weather Stripping - Direct Install Measure; and (7) the Door Sweeps - Direct Install Measure.¹³ Further, CGV proposes to revise three of its current Business Savings Program Measures: (1) the Infrared Heater Measure; (2) the Outside Air Reset Controls Measure; and (3) the Business Custom Measure.¹⁴

For the Web-Based Audit Program, CGV proposes to include a second energy kit for customers that have previously received the kit during the Current CARE Plan or customers that have gas heating systems only.¹⁵ This new kit would contain weather stripping and door sweeps.¹⁶

The Company proposes a new program, the New Homes Program, to encourage the implementation of energy efficient building systems and equipment.¹⁷ This new program contains five proposed measures: (1) the High-Efficiency Gas Storage Water Heater Measure; (2) the High-Efficiency Tankless Water Heater Measure; (3) the High-Efficiency Gas Furnace Measure; (4) the High-Efficiency Windows, Doors, Skylights Measure; and (5) the Attic Insulation Measure.¹⁸

For the proposed combined Residential Low-Income and Elderly Program, CGV proposes six new measures: (1) the Attic Insulation (Low Income Only) Measure; (2) the Duct Seal (Low Income Only) Measure; (3) the Furnace Filters Measure; (4) the Water Heater Wrap Measure; (5) the Weather Stripping Measure; and (6) the Door Sweeps Measure.

CGV recovers the incremental costs of implementing and administering its CARE Plan through its CARE Program Adjustment ("CPA"), which consists of a Current Factor and Reconciliation Factor. In its Application, the Company proposes to revise its CPA calculation methodology to reflect a change in the assignment of administrative costs as a result of an amendment to the CARE Act.¹⁹ The Company states that the Amended CARE Plan's CPA will cost the average residential customer, using about 70 Mcf, approximately \$8.70 in 2016.²⁰

CGV is not proposing any new changes to the methodology used to calculate its revenue normalization adjustment ("RNA").²¹ However, the Company proposes in its Application to update the RNA calculation based on the billing determinants and rates placed into effect on an interim basis on September 29, 2014, during the Company's most recent general rate case, Case No. PUE-2014-00020.²²

The Company's performance based incentive mechanism ("CPPI") is a flat-rate shared savings mechanism where CGV recovers from applicable customer classes up to 15 percent of the gross cumulative energy benefits, less costs recovered via the CPA.²³ The Company is not proposing any changes

⁹ *Id.* at 10.

¹⁰ *Id.*

¹¹ Prefiled Direct Testimony of Gina Slaunwight at Attachment GS-2.

¹² *Id.* The Company proposes to discontinue its Duct Seal and Duct Insulation Combination Measure. *Id.*

¹³ *Id.*

¹⁴ *Id.* CGV proposes to discontinue three measures: (1) the High-Efficiency Gas Storage Water Heater Measure; (2) the High-Efficiency Gas Tankless Water Heater Measure; and (3) the High-Efficiency Direct Contact Gas Water Heater Measure. *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ In the 2015 amendments to § 56-600 of the Code, the following language was added to the definition of "Cost-effective conservation and energy efficiency program": "Such determination shall also be made (i) with the assignment of administrative costs associated with the conservation and ratemaking efficiency plan to the portfolio as a whole . . . when such administrative . . . costs are not otherwise directly assignable."

²⁰ Application at 17.

²¹ *Id.* at 18-19. The RNA is a revenue normalization adjustment that is designed to decouple the Company's allowed distribution revenue from the level of consumption of natural gas. *Id.* at 19.

²² Prefiled Direct Testimony of Kristine M. Johnson at 8. 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, Final Order (Aug. 21, 2015) ("2014 Rate Case").

²³ Prefiled Direct Testimony of Kristine M. Johnson at 12.

in methodology for calculation of the CPPI. However, the Company is proposing to update its usage reduction targets for 2016, 2017, and 2018 to account for changes in its estimated natural gas savings associated with the Proposed CARE Plan.²⁴

On July 20, 2015, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report containing the Staff's findings and recommendations; and allowed the Company to file responses to the Staff report and any comments filed by interested persons.

No comments were filed on the Company's Application by interested persons.

On October 5, 2015, the Staff filed its report ("Staff Report") on the Company's Application. Among other things, the Staff Report examined the cost-effectiveness of the Proposed CARE Plan, including a critique of the general assumptions and structure of the Company's cost/benefit model, and provided an evaluation of the individual proposed modifications to the Amended CARE Plan, as well as an examination of the Company's revised CARE Plan budget.

The Staff is not opposed to the Company's revised CPA methodology.²⁵ Staff also does not oppose CGV's revised RNA calculation, although Staff recommends the billing determinants and revenues used to calculate the RNA be adjusted as necessary to be consistent with the Commission's Final Order in the 2014 Rate Case.²⁶ Staff does not oppose the Company updating its usage reduction targets for its CPPI.²⁷ However, if the Commission alters or modifies the Company's Proposed CARE Plan, Staff recommends that the usage targets be adjusted accordingly consistent with the Commission's final determination.²⁸

In its Staff Report, Staff recommends that the Commission consider prohibiting the Company's use of the instant rebate mechanism due to concerns about economic inefficiency and the concern of increased costs for CVG's customers.²⁹ In addition, Staff does not believe that the Company's proposed budget allocation provision is prudent. However, Staff stated that if the Commission decides to allow some degree of flexibility, a possible option would be to allow a budget exceedance of 5% per measure.³⁰

Staff examined the underlying assumptions of CGV's cost/benefit model and found that the assumptions underlying several of the measures of the Web-Based Audit Program are either flawed or have not been updated to reflect specific characteristics of the Company's service territory.³¹ Specifically, Staff does not believe that the proposed assumption of natural gas savings resulting from the low-flow showerhead is either reasonable or appropriate.³² Similarly, Staff concludes that the natural gas savings estimates resulting from the bathroom and kitchen faucet aerators are flawed.³³ Staff explains that these natural gas savings assumptions are critical because these three measures are included in four of the five programs in the Proposed CARE Plan.³⁴

Staff recommends that the Commission not approve the Company's Business Custom Measure and New Homes Program.³⁵ For the Home Savings Program, Staff recommends that the rebates for single-and multi-family attic insulation be reduced by 50% and that the caps for these rebates should be similarly reduced.³⁶ Staff recommends the same 50% reduction for attic insulation in the Business Savings Program.³⁷

In the Staff Report, Staff states that due to the assumptions relating to low-flow showerheads and kitchen and bathroom aerators, Staff cannot be certain that the Company's Proposed CARE Plan is cost-effective.³⁸ Further, Staff finds that accurately measured natural gas savings estimates for these measures could indicate that CGV's Proposed CARE Plan portfolio is not cost-effective.³⁹ Staff recommends that the Company update and correct the

²⁴ *Id.*

²⁵ Staff Report at 9.

²⁶ *Id.* at 9-10.

²⁷ *Id.* at 11.

²⁸ *Id.*

²⁹ *Id.* at 21.

³⁰ *Id.* at 22.

³¹ *Id.* at 24.

³² *Id.* at 25.

³³ *Id.*

³⁴ *Id.* at 26.

³⁵ *Id.* at 27, 30.

³⁶ *Id.* at 28.

³⁷ *Id.* at 29.

³⁸ *Id.* at 30.

³⁹ *Id.* at 30-31.

natural gas savings assumptions for the low-flow showerheads and bathroom and kitchen faucet aerators, based on data specific to the Company's service territory.⁴⁰

Finally, Staff recommends that the Commission require the Company to do the following: (1) obtain before and after photos for all programs and measures installed by contractors; (2) consider performing periodic site inspections of contractors' work to verify that the work was performed and qualifies for the Company's CARE Plan; and (3) credit the deferral balance in the amount of \$115,061, related to Attic Insulation rebates that exceeded the per customer limit the Commission approved in the 2012 Final Order.⁴¹

On October 14, 2015, the Company filed a response ("Response") to the Staff Report. In its Response, CGV revises certain analyses based on available Virginia- and Company-specific data, clarifies certain natural gas savings assumptions and offers future evaluation, measurement, and verification plans ("EM&V").⁴²

The Company requests the Commission approve the low-flow showerhead and bathroom and kitchen faucet aerator measures as proposed along with the Company's commitment to present revised cost/benefit results incorporating EM&V data going forward.⁴³ The Company also requests that the Commission allow it to continue using the instant rebate mechanism for the residential attic and floor insulation measures, and to approve the instant rebate mechanism for its proposed Attic Insulation Measure in the Business Savings Program.⁴⁴ For the attic insulation rebates, the Company proposes to address Staff's concerns by imposing a lower rate per square foot and cap on the instant rebate and by adding a new requirement for a customer to qualify for a rebate.⁴⁵ CGV requests that the mail-in rebates and caps be approved as filed.⁴⁶ The Company also requests the Commission grant CGV authority to reallocate the approved budget of the Amended CARE Plan within four specified budget categories, and not in excess of 5% of the total approved budget.⁴⁷

The Company agrees with Staff's recommendations regarding the Business Custom Measure of the Business Savings Program and the New Homes Program and requests to withdraw these programs from the Proposed CARE Plan.⁴⁸ Further, CGV agrees with Staff's recommendation to adjust the billing determinants and revenues when calculating the RNA as necessary to be consistent with the Commission's Final Order in the 2014 Rate Case, and to adjust the usage reduction targets for the CPPI to conform to the Commission's final determination in this proceeding.⁴⁹

The Company requests the Commission require before and after photographs for attic and floor insulation measures only, not for measures that require a purchase (for which the Company states an invoice should be sufficient).⁵⁰ CGV requests the Commission approve site and other verification measures consistent with the Company's proposed Contractor Quality Control Plan.⁵¹ Finally, the Company asks the Commission to reject Staff's recommendation that the Company be required to credit the deferral balance for \$115,061 related to Attic Insulation rebates on the basis that the Commission has not previously approved a rebate cap for the Attic Insulation Measure.⁵²

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Proposed CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

Proposed CARE Plan

In evaluating CGV's Application, we have considered, among other relevant factors, the net present value ("NPV") of the benefits and the NPV of the costs under the following four tests: Utility Cost Test, Participant Test, Ratepayer Impact Measure Test, and Total Resource Cost Test. We do not base our decisions herein on any single cost benefit test, but we must consider, among other factors, the overall impact on CGV's non-participating customers, which not only include residential, but also business customers, for which energy costs are a major element of the cost of doing business in Virginia. Thus, we must review the Proposed CARE Plan with great care and caution, because non-participating customers in the affected rate classes will pay higher bills than they would otherwise pay as a result of this Proposed CARE Plan. We still have the concerns that we expressed in the 2012 Final Order:

⁴⁰ *Id.* at 31.

⁴¹ *Id.* at 43.

⁴² Response at 1.

⁴³ *Id.* at 4-6.

⁴⁴ *Id.* at 6-7.

⁴⁵ *Id.* at 7-9. To qualify for an attic insulation instant rebate, CGV proposes that the attic must have a current insulation value of no greater than R-19. *Id.* at 10.

⁴⁶ *Id.* at 9.

⁴⁷ *Id.* at 10-11.

⁴⁸ *Id.* at 11-12.

⁴⁹ *Id.* at 12-13.

⁵⁰ *Id.* at 13.

⁵¹ *Id.* at 14 and Attachment 3.

⁵² *Id.* at 18.

[W]e remain concerned over the financial impact on those residential and small general service customers who elect not to participate in Columbia's Amended CARE Plan. Non-participating residential and small general service customers will see their rates increase as a result of the Amended CARE Plan's CRA and RNA mechanisms, both of which are mandatory under §56-602 of the Code. . . . [T]he CRA allows the Company to recover all of the costs of its Amended CARE Plan. . . on a dollar-for-dollar basis. In addition, the RNA decouples the recovery of the Company's distribution costs from volumetric rates, thereby preventing any "lost revenues" caused by any reductions in gas usage produced by the Amended CARE Plan. . . . These statutorily mandated provisions transfer most of the costs of such programs to the Company's non-participating residential and small general service customers. Accordingly, when reviewing proposed CARE plans, the Commission must ensure that any such CARE programs do not create any significant economic hardships on non-participating residential and small general service customers by approving only those conservation and energy efficiency programs that are cost-effective as required by law.⁵³

Under our analyses of CGV's Proposed CARE Plan contained in the record, we find the cost benefit scores of several measures likely to be inaccurate because the Company did not use Virginia-specific data, although it should have had that information available to it at the time the Application was filed. It bears repeating the preference that we noted in a prior case:

In general, in any CARE filing we note a preference for each utility to provide its own assumptions and analysis. This provides a utility the opportunity to develop and recommend programs that are best suited to its customers and the dynamics of its service territory. The programs developed for one utility may not necessarily be the best choice or in the public interest for another. Further, more granularity in describing proposed programs and the assumptions behind them will assist the Commission in considering and making the findings required by the CARE Act.⁵⁴

The net effect of CGV's Proposed CARE Plan is likely to be an increased burden on most of its customers. We must consider these factors when evaluating the proposed programs and measures, some of which we approve herein, and others of which we deny.

Residential Home Savings Program

We approve, subject to the requirements and modifications set forth herein, the following measures within the Residential Home Savings Program: (1) the High-Efficiency Gas Furnace Measure; (2) the Smart Thermostat Measure; (3) the High-Efficiency Windows, Doors and Skylights Measure; (4) the Attic Insulation Measure; and (5) the Floor Insulation Measure.

With regard to the Attic Insulation Measure, we share Staff's concerns that the current rebate is too generous and should be reduced.⁵⁵ As noted in the Staff Report, 83% of the residential attic insulation installations were performed by two companies at no cost to the homeowner above the value of the instant rebate. We agree with Staff that if the full cost of such a large proportion of the attic insulation installations is covered solely by the rebate, then the rebate is too high. We recognize that lowering the incentive will lower the net cost to non-participants while also lowering the net benefit to program participants. We find, however, that the rebate amount should be reduced by 50% of the Company's proposed amount, as recommended in the Staff Report, and the caps on the rebates should similarly be reduced by 50%.

Further, we direct the Company to discontinue offering an instant rebate mechanism with the Attic and Floor Insulation Measures in the Home Savings Program. As noted in the Staff Report, excessive rebates may promote uneconomic demand that reduces the cost-effectiveness of the program, in that customers are likely to accept insulation installations services simply because there is no cost to them to achieve even a modest benefit.⁵⁶ A CGV customer with attic insulation that already meets the building code standards could participate in the instant rebate program at no cost to them; however, the cost of the insulation does get passed on to other CGV customers while little, if any, natural gas savings are realized as a result of the transaction.

We deny the High Efficiency Showerheads - Direct Install Measure, the Faucet Aerators - Direct Install Measure, the Weather Stripping - Direct Install Measure, and the Door Sweeps - Direct Install Measure. As noted in the Staff Report, direct installation of free measures, such as the low-flow showerheads and faucet aerators, involves the additional cost of installation by the contractor, as opposed to the typical Web-Based Audit Program approach of mailing the energy-efficiency kits to customers who perform the installation themselves. We share Staff's concerns that without reliable and verifiable natural gas savings estimates, the direct installation of these basic energy-efficiency measures may increase the bills of Columbia's customers without truly providing cost-effective savings.⁵⁷

As noted above, Staff had concerns about the underlying assumptions and the natural gas savings estimates for the low-flow showerheads and faucet aerators.⁵⁸ Specifically, Staff noted that the estimate of natural gas savings for the low-flow showerheads are not based on the Company's EM&V.⁵⁹

⁵³ 2012 Final Order at 14.

⁵⁴ *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2010-00079, 2010 S.C.C. Ann. Rept. 573, Order on Application to Amend Conservation and Ratemaking Efficiency Plan (Nov. 18, 2010).

⁵⁵ Staff Report at 28.

⁵⁶ Staff Report at 20.

⁵⁷ Staff Report at 21.

⁵⁸ *Id.*

⁵⁹ *Id.* at 24.

Staff had similar concerns that the underlying assumptions related to faucet aerators were not based on Virginia-specific data.⁶⁰ We share Staff's concerns regarding the lack of Virginia-specific data.⁶¹

Business Savings Program

We approve, subject to the requirements set forth herein, the following measures within the Business Savings Program: (1) the High-Efficiency Pre-Rinse Spray Valve (Retrofit Applications); (2) the High-Efficiency Gas Furnace Measure; (3) the Attic Insulation Measure; (4) the Smart Thermostat Measure; (5) the Infrared Heater Measure; and (6) the Outside Air Reset Controls Measure. For the reasons discussed with regard to the Attic Insulation Measure in the Home Savings Program, we find that the proposed attic insulation rebate in the Business Savings Program shall be reduced to \$0.13 per square foot, subject to a cap of \$125 per project.

For the same reasons discussed above, we deny the following measures: (1) the Faucet Aerator – Direct Install Measure; (2) the High-Efficiency Showerhead – Direct Install Measure; (3) the Weather Stripping – Direct Install Measure; and (4) Door Sweeps – Direct Install Measure. In addition, we deny the Company's request to use the instant rebate delivery mechanism in its proposed Business Savings Program Attic Insulation Measure.

Residential Low-Income and Elderly Program

We also approve, subject to the requirements and modifications herein, the following measures within the Residential Low-Income and Elderly Program: (1) the Attic Insulation Measure (Low-Income Only); (2) the Duct Sealing Measure (Low-Income Only); (3) the Water Heater Pipe Insulation Measure; (4) the Furnace Filters Measure; (5) the Water Heater Wrap Measure; (6) the Weather Stripping Measure; and (7) the Door Sweeps Measure.

Because we have concerns regarding the accuracy of the underlying assumptions and the lack of Virginia-specific and Company-specific data to determine natural gas savings, we deny the following measures: (1) the Faucet Aerator Measure; and (2) the High-Efficiency Showerhead Measure.

Web-Based Audit Program

Subject to the requirements and modifications herein, we approve the following measures: (1) the Weather Stripping Measure; and (2) the Door Sweeps Measures.

Because we have concerns regarding the accuracy of the underlying assumptions and the lack of Virginia-specific and Company-specific data to determine natural gas savings, we deny the following measures: (1) the Faucet Aerator Measure; and (2) the High-Efficiency Showerhead Measure.

CPA, RNA, and CPPI

We approve the Company's revisions to its CPA calculation methodology.

Additionally, we approve the Company's update to the RNA calculation as modified by Staff's recommendation that the billing determinants and revenues used to calculate the RNA be adjusted, as necessary, to be consistent with the Final Order in the 2014 Rate Case. We also approve the usage reduction targets for the CPPI adjusted to be consistent with our determination in this case.

Budget Reallocation Authority

In our Final Order in CGV's most recent application to amend its CARE Plan,⁶² we stated that we have concerns about "what appears to be problems with overpayment of rebates, questionable program design and assumptions supporting its cost/benefit analysis, and a lack of any credible EM&V. . . ." Our concerns in that case stemmed from the Duct Sealing and Insulation Measure; however, we have similar concerns about the Residential Attic Insulation Measure. As noted in the Staff Report, such "wasteful and cost-ineffective spending is difficult for Staff to detect, and is usually not apparent until after-the-fact."⁶³ We also agree with Staff that "unlimited authority to reallocate measure budgets can diminish the meaningfulness of the cost/benefit analysis underlying the Commission's approval of a proposed CARE Plan."⁶⁴ Therefore, we deny the Company's request for budget reallocation authority.

Audit Results

The Staff conducted an audit to assess whether the Current CARE Plan costs are in compliance with Current CARE Plan requirements. Based on Staff's findings, Staff recommends that the Commission require the Company to do the following: (1) obtain before and after photos for all programs and measures installed by contractors; (2) consider performing periodic site inspections of contractors' work to verify that the work was performed and qualifies for the Company's CARE Plan; and (3) credit the deferral balance for the \$115,061 related to Attic Insulation rebates that exceeded the per customer limit approved by the Commission in the 2012 Final Order.

⁶⁰ *Id.* at 26.

⁶¹ To address Staff's concerns, the Company recalculated its assumptions to include more Company- and Virginia-specific measurements. In its Response, the Company presented the updated savings calculations; however, the Staff was unable to verify the accuracy of the updated assumptions and savings, given the statutory timeframe of this proceeding.

⁶² *Application of Columbia Gas of Virginia, Inc., For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00096, Doc. Con. Cen. No. 150320193, Final Order (Mar. 24, 2015).

⁶³ Staff Report at 22.

⁶⁴ Staff Report at 22.

In its Response, the Company proposed to require the Company's Residential Low-Income and Elderly Program vendor to take before and after photo documentation for all direct installation measures. The Company further agreed to provide before and after photos for attic and floor insulation. We find the Company's proposals to be reasonable and modify the Proposed CARE Plan to require such before and after photo verification.

With regard to Staff's concerns about site inspections, the Company developed a Contractor Quality Control Plan and included it with its Response. The Company also notes that certain costs for the inspections are included in the budget for the Proposed CARE Plan. We find the Company's Contractor Quality Control Plan to be reasonable and incorporate it into the Proposed CARE Plan.

Through its audit, Staff determined that the Company exceeded the attic insulation \$450 rebate cap per customer on 1,028 occasions, resulting in overpayment of rebates in the amount of \$115,061 from January 1, 2013, to September 3, 2015.⁶⁵ The Company disputes this finding and asserts that "[t]here is no evidence in the record of [Case No. PUE-2012-00013] that the Commission adopted a \$450 per-customer cap for the Attic Insulation Measure recommended for CGV's consideration in the Nexant Report."⁶⁶ We disagree. The Company's application in Case No. PUE-2012-00013 refers to the Nexant Report filed therewith for "detailed support for the programs and measures included in the Amended CARE Plan."⁶⁷ The Nexant Report states that "[t]his [Attic Insulation] instant rebate (or discount) will be equal to \$0.30/sq. ft. of attic insulation installed capped at \$450 per qualifying customer."⁶⁸ In the 2012 Final Order, the Commission approved the Company's proposed Amended CARE Plan, as modified by the Stipulation reached by the Company and Staff.⁶⁹ The Stipulation modified the amount of the requested rebate but did not modify the cap proposed in the Application.⁷⁰ Accordingly, by approving the Company's proposed Amended CARE Plan as modified by the Stipulation in the 2012 Final Order, we approved the Company's proposed \$450 per-customer cap on the Attic Insulation Measure. Therefore, we find that the Company paid amounts in excess of the approved Attic Insulation Measure per-customer cap, and the cumulative amount of the excessive payments should be returned to customers through the CARE Plan mechanism.

Future EM&V and Reporting and Filing Requirements

On or before May 1, 2016, and each May 1 thereafter, the Company shall file an annual report that measures and verifies the actual results of the CARE Plan approved herein. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof. Further, the annual reports for existing programs and measures shall utilize Company-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio. For new programs and measures, if Company-specific data is not available, the Company shall substitute such data with Virginia-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio and shall explain why Company-specific data is not available for EM&V purposes. If neither Company- nor Virginia-specific data is available for purposes of EM&V reporting, the Company shall state with specificity why such information is not available and it shall utilize alternative data and support the validity of such alternative information.

In addition, the Company shall maintain strict and detailed identification and accounting of its program-specific and common costs and shall identify program-specific benefits as well. For example, the Company shall specifically identify how – and what portion of – the costs of the Home Savings Program are achieving actual, verifiable energy usage reductions in the homes of residential customers. Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs and measures approved herein and are not used, for example, to serve general marketing or public relations purposes. In addition, the annual report shall identify the number of participants in each of the programs and measures approved herein. In future CARE Plan applications, CGV shall allocate program costs among program measures in its cost benefit calculations, when directly assignable.

Finally, any subsequent request by CGV to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified evidence of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide measured and verified evidence of cost-effectiveness to support any request to continue or modify other programs approved herein and in the currently-approved CARE Plan. Any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part, as set forth in this Final Order and shall be effective December 31, 2015, the first billing unit for the Company's January 2016 billing cycle.

(2) CGV shall file its Proposed CARE Plan tariff sheets with the Clerk of the Commission and the Division of Energy Regulation within thirty (30) days of the entry of this Final Order.

⁶⁵ See Staff Report at 39. For the period January 1, 2013, through October 31, 2014, rebate payments in excess of the \$450 cap totaled \$31,951. For the period October 31, 2014, through September 3, 2015, rebate payments in excess of \$450 cap totaled \$83,110.

⁶⁶ Response at 16.

⁶⁷ See *Application of Columbia Gas of Virginia, Inc., For authority to extend and amend its natural gas conservation and ratemaking efficiency plan*, Case No. PUE-2012-00013, Application at 5.

⁶⁸ *Id.*, Nexant Report at 39.

⁶⁹ 2012 Final Order at 18.

⁷⁰ See Stipulation at page 3 attached to the 2012 Final Order.

- (3) The Company shall continue to include a separate line item for the RNA in its bills to customers who are subject to the RNA.
- (4) Consistent with the findings made herein, CGV must file for approval to extend, modify, or renew its CARE Plan beyond December 31, 2018, or the CARE Plan will terminate.
- (5) The usage reduction targets associated with the CPPI shall be adjusted accordingly as necessary to be consistent with this Order.
- (6) This matter is dismissed.

**CASE NO. PUE-2015-00076
SEPTEMBER 25, 2015**

APPLICATION OF
ROANOKE GAS COMPANY

For modification of its SAVE Plan and Rider

ORDER APPROVING AMENDED SAVE PLAN AND RIDER

On June 30, 2015, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application with the State Corporation Commission ("Commission") to modify its SAVE Plan and Rider¹ pursuant to § 56-603 *et seq.* of Title 56 of the Code of Virginia, the Steps to Advance Virginia's Energy (SAVE) Plan Act ("Application"). The Company filed this Application in accordance with the Commission's August 29, 2012 Order Approving SAVE Plan and Rider in Case No. PUE-2012-00030,² as modified by the Commission's December 9, 2013 Order Approving Amended SAVE Plan and Rider in Case No. PUE-2013-00091.³ With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for calendar year 2016 and the corresponding SAVE Rider that will be associated with those projects.

In its Application, the Company requested the following modifications to its currently-approved SAVE Plan: (1) an increase in the investment expected to complete the improvements to mains and services planned for calendar years 2016, 2017 and 2018; (2) an expansion of the annual spending tolerance from 10% to 20%; (3) approval of a cumulative SAVE Plan spending variance of 5%; and (4) the addition of the replacement of the Sugarloaf and Clearbrook Gate Stations and approximately 1,400 feet of 12-inch steel pipe associated with the Clearbrook Gate Station for the 2016 SAVE Plan year.

Based on the proposed SAVE investment for calendar year 2016, Roanoke Gas requested a 2016 Current Factor revenue requirement of \$2,857,373, and a 2016 Reconciliation Factor revenue requirement of (\$3,974), for a total 2016 SAVE Rider Revenue Requirement of \$2,853,399.

On July 15, 2015, the Commission entered an Order for Notice and Comment in this proceeding that, among other things, established a procedural schedule requiring the Company to publish notice of the Application; provided interested persons the opportunity to request a hearing or file comments on the Application; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") on its findings and recommendations. No requests for hearing or comments were filed.

The Staff filed its Report on September 4, 2015, wherein Staff agreed that the Company's request to include in its SAVE Plan the additional projects associated with the Sugarloaf and Clearbrook Gate Stations would improve safety and reliability of service.⁴ With regard to the 2016 SAVE Rider, the Staff's analysis produced a Current Factor revenue requirement of \$3,053,916,⁵ and a Reconciliation Factor revenue requirement of \$8,227,⁶ for a total 2016 SAVE Rider revenue requirement of \$3,062,143. Staff recognized in its Report that its revenue requirement is greater than the amount stated in the public notice published by the Company and represented that if the Commission adopts a revenue requirement that excludes otherwise recoverable amounts for this reason, any incremental difference may be included in next year's reconciliation factor.⁷

¹ The Rider is a rate mechanism designed to recover SAVE Plan investment-related costs. The Rider has two components. The first component is designed to recover projected rate year SAVE investment-related costs ("2016 Current Factor" in the current Application). It is set as a fixed amount and added to each monthly bill for one year. The second component is a reconciliation factor designed to recover or refund prior period collections based on a reconciliation of the prior year's actual SAVE investment-related costs and recoveries ("2016 Reconciliation Factor" for true-up of calendar year 2014 in the current Application). It is also set as a fixed amount and applied as an incremental increase or decrease to each monthly bill for one year.

² *Application of Roanoke Gas Company, For approval of a SAVE Plan and Rider pursuant to Virginia Code §§ 56-603 et seq.*, Case No. PUE-2012-00030, 2012 S.C.C. Ann. Rept. 422, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

³ *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider*, Case No. PUE-2013-00091, 2013 S.C.C. Ann. Rept. 447, Order Approving Amended SAVE Plan and Rider (Dec. 9, 2013).

⁴ See Staff Report at 3. The Staff Report did not address the Company's request for approval (1) to expand the annual spending tolerance from 10% to 20%, or (2) of a variance for cumulative SAVE Plan expenditures of 5%.

⁵ The difference between the Company's and Staff's 2016 Current Factor revenue requirement is primarily due to: (1) inclusion of cumulative balances for 2015 that were omitted from the Company's calculation of depreciation expense and accumulated depreciation ("A/D"); and (2) the use of a mid-year convention for the calculation of depreciation expense for mains and services. See Staff Report at 7-8.

⁶ The difference between the Company's and Staff's 2016 Reconciliation Factor is primarily due to: (1) Staff's use of a mid-year convention to calculate depreciation expense and the related A/D and accumulated deferred income taxes for mains and services; and (2) Staff's use of two-month average balances to calculate carrying charges and the return on net rate base. See Staff Report at 6-7.

⁷ *Id.* at 13.

Additionally, the Staff recommended that the Commission adopt the following: (1) Staff's methodology in the calculation of the 2016 SAVE Rider revenue requirement; (2) Staff's recommendation that the Company align the 2016 Reconciliation Factor period with the 2016 Current Factor period for uniformity; and (3) Staff's proposed revisions to page 156 of the Company's tariff, to delete and modify certain language in an effort to streamline the tariff.⁸

On September 11, 2015, Roanoke Gas filed its response ("Response") to the Staff Report, wherein it stated that the Company agrees with Staff's calculation of the revenue requirement for the 2016 SAVE Rider. The Company also agreed with Staff's accounting methodology for calculating depreciation expense. Roanoke Gas stated further that it does not oppose Staff's other recommendations and reiterated the importance of the spending variances proposed in the Application.⁹

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's Application to amend its SAVE Plan should be approved, subject to the requirements set forth herein. We find that a revenue requirement of \$2,853,399 is reasonable and shall be approved for the 2016 SAVE Rider. We also adopt the recommendations made by the Staff in its Report, with the exception of Staff's recommended revenue requirement. We find that the Company should immediately begin applying the changes in methodology contained in the Staff Report related to calculation of the SAVE Rider revenue requirement. We further find that Staff's recommended modifications to the Company's tariff, and Staff's recommendation that the Company align the 2016 Reconciliation Factor period with the 2016 Current Factor period, are reasonable and should be accepted in this case.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Amended SAVE Plan is approved as set forth herein.
- (2) The Company's 2016 SAVE Rider is approved, subject to the requirements set forth in this Order. Rates consistent with this Order shall become effective beginning January 1, 2016, and remain in effect until December 31, 2016.
- (3) Roanoke Gas shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance revised tariffs for the 2016 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order Approving Amended SAVE Plan and Rider. The Clerk shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.
- (4) This matter is dismissed.

⁸ *Id.*

⁹ Response at 2-3.

**CASE NO. PUE-2015-00077
NOVEMBER 19, 2015**

JOINT PETITION OF
AQUA VIRGINIA, INC.,
AQUA PRESIDENTIAL, INC.,
and
CLYDE E. VIPPERMAN, JR.

For approval of a transfer of utility assets

ORDER GRANTING APPROVAL

On July 1, 2015, Aqua Virginia, Inc. ("Aqua Virginia"), Aqua Presidential, Inc. ("Aqua Presidential") (collectively, "Aqua"),¹ and Clyde E. Vipperman, Jr., ("Seller") (collectively, "Joint Petitioners"), filed a Joint Petition with the State Corporation Commission ("Commission") requesting approval of the acquisition and disposition of utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code").² The Joint Petitioners seek authority for Aqua Presidential to acquire, and the Seller to dispose of, the water production and distribution assets ("Assets") of the Twin Cedars Public Water System ("Twin Cedars System" or "System"), which provides water service to 30 customers in the Twin Cedars subdivision in Caroline County, Virginia. The Joint Petitioners also request, pursuant to § 56-265.3 D of the Code, approval to amend Aqua's certificate of public convenience and necessity ("CPCN") to add the Twin Cedars System to Aqua's service territory "and any other necessary authority to serve this community."³

¹ Aqua Presidential is a wholly owned subsidiary of Aqua Virginia, which is a wholly owned subsidiary of Aqua America, Inc., a publicly traded water and wastewater utility holding company.

² Va. Code § 56-88 *et seq.*

³ Joint Petition at 1. The Joint Petition subsequently requests that the area served by Twin Cedars be added to Aqua Virginia, Inc.'s certificated service territories. Joint Petition at 7. We note, however, that Aqua Presidential has its own CPCN separate from that of Aqua Virginia. *See Joint Petition of Aqua Presidential, Inc., and Presidential Service Company Tier II, Inc., For approval of a transfer of utility assets*, Case No. PUE-2013-00081, 2014 S.C.C. Ann. Rept. 298, Order Granting Approval (Jan. 24, 2014). Accordingly, we treat the Joint Petitioners' request as seeking approval to amend Aqua Presidential's CPCN to add the Twin Cedars subdivision to Aqua Presidential's service territory.

Aqua Presidential seeks to acquire the Assets for a base purchase price of \$15,000. The Joint Petitioners state that approximately \$17,500 in capital investment will be required to make improvements to the Twin Cedars System in the first five years, which will include metering the System, installing a chlorine feed system and making general upgrades.⁴

Aqua Presidential proposes no immediate change to Twin Cedars' current unmetered customer rate of \$40 per month, with the qualification that rates may be adjusted in Aqua Presidential's next rate proceeding. Aqua Presidential also represents that its approved tariff fees will apply for miscellaneous charges, which include service initiation (\$30.00), service reconnection (\$50.00), and returned check fee (\$20.00). On September 22, 2015, Aqua notified the Staff of the Commission ("Staff"), that Twin Cedars customers were provided notice of the proposed transfer and Aqua Presidential's miscellaneous tariff fees on September 17, 2015. No comments or complaints have been received.

The Joint Petitioners state that there will be no impairment of adequate service at just and reasonable rates from the proposed acquisition by Aqua Presidential of the Twin Cedars Assets and that the acquisition will help to ensure that the customers served by the Twin Cedars System will continue to receive adequate service at just and reasonable rates in the future.

NOW THE COMMISSION, upon consideration of this matter and the applicable law, is of the opinion and finds that the transfer of the Twin Cedars Assets from Seller to Aqua Presidential will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved subject to the requirements recommended in the Appendix to the Action Brief by the Staff and filed contemporaneously with this Order. We further find that Aqua Presidential's CPCN should be amended to allow it to serve the Twin Cedars subdivision.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the transfer of Assets as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) Aqua Presidential hereby is authorized to amend its CPCN pursuant to § 56-265.3 D of the Code to include the Twin Cedars service territory.

(3) There appearing nothing further to be done, this case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

⁴ See Joint Petition, Exhibit B (Transaction Summary) at 4.

**CASE NO. PUE-2015-00079
OCTOBER 9, 2015**

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

ORDER GRANTING APPROVAL

On July 13, 2015, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively, "Applicants"),¹ filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Affiliates Act, § 56-76 *et seq.* of the Code of Virginia ("Code") and Ordering Paragraph (2) of the Commission's December 11, 2012 Order Granting Approval in Case No. PUE-2012-00111 ("2012 Order").² The Application requests approval of an amendment to the currently operative services agreement under which AGSC provides Centralized Services³ to VNG (the "Current Agreement," collectively with the requested amendment, the "Amended Agreement") in order to extend the term of the Current Agreement for a period of five years, to September 30, 2020. The Application also seeks approval of a revision to the notice provision in the Current Agreement and clarification of the direct charge methodology to include an additional standard driver that has been used on a case-by-case basis consistent with the nature of the work performed under the Current Agreement approved by the Commission in the 2012 Order. The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information provided in response to Staff requests, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

¹ VNG is a Virginia public service corporation that provides natural gas local distribution service to approximately 284,000 residential, commercial, and industrial customers located primarily in the Hampton Roads area of southeastern Virginia. AGSC is a service company organized to provide centralized shared services to its affiliates, including VNG. VNG and AGSC are wholly owned subsidiaries of AGL Resources, Inc. ("AGLR"). AGLR is an energy services holding company whose principal business is the distribution of natural gas in seven states. On August 24, 2015, AGLR announced it was being acquired by Southern Company, a large electric utility holding company serving 4.5 million customers. In response to a Staff data request, VNG stated that it is too early to determine whether AGLR's proposed merger with Southern Company would impact the services agreement.

² *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amendment to a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00111, 2012 S.C.C. Ann. Rept. 514, Order Granting Approval (Dec. 11, 2012).

³ "Centralized Services" collectively refers to the administrative, management, and other centralized shared services that AGSC provides to AGLR and its subsidiaries, including VNG.

On September 2, 2015, the Commission issued an Order Extending Time for Review and Granting Interim Extension of Current Authority ("Interim Order"), which docketed the Application and permitted VNG to receive services under the Current Agreement until such time as the captioned Application was acted upon by the Commission.

Centralized Services

Exhibit I of the Amended Agreement lists 18 categories of Centralized Services available to VNG. The Centralized Services categories include: (1) Rates and Regulatory; (2) Internal Auditing; (3) Strategic Planning; (4) External Relations; (5) Gas Supply, Capacity Planning and Capacity Management; (6) Legal Services and Risk Management; (7) Marketing; (8) Financial Services; (9) Information Systems and Technology; (10) Executive; (11) Customer Services; (12) Employee Services; (13) Engineering; (14) Business Support, including (i) Purchasing, (ii) Facilities Management, (iii) Fleet, and (iv) Field Operations Support; (15) Corporate Communications; (16) Corporate Compliance and Corporate Secretary; (17) Project Management; and (18) Emergency Services. The Applicants represent that, with certain exceptions, VNG has the option of obtaining the Centralized Services listed above from AGSC via the Amended Agreement or from non-affiliated suppliers. The Applicants represent that VNG is not staffed to operate as a stand-alone company, and that the Centralized Services provided by AGSC to AGLR and its subsidiaries generate corporate-wide efficiencies and provide cost-effective Centralized Services.

NOW THE COMMISSION, upon consideration of the Application, the representations of the Applicants, including VNG's response to the action brief filed by the Staff of the Commission ("Staff"), and the applicable statutes, and having been advised of Staff, is of the opinion and finds that approval of the Amended Agreement is in the public interest subject to certain requirements set forth below, which we find necessary to protect the public interest. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.⁴

We adopt Staff's recommendations listed in the appendix to its action brief. We specifically note that AGSC employees currently utilize VNG building space to provide Centralized Services to VNG and other affiliates⁵ without the other affiliates being charged for the use of such space. To avoid cross-subsidies, we direct VNG to bill its affiliates, including AGSC, for the use of VNG building space at the higher of fully distributed cost or market.⁶

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, Virginia Natural Gas, Inc., and AGL Services Company are hereby granted approval to execute the Amended Agreement as described herein, and subject to the requirements set forth in the Appendix attached to this Order.

(2) Concurrent with the approval granted above, the Applicants' interim authority granted in the September 2, 2015 Interim Order to operate under the Current Agreement, is hereby terminated.

(3) The Applicants' Motion is denied as moot.

(4) There appearing nothing further to be done, this case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

⁴ The Commission held the Applicants' Motion in abeyance and did not receive a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot.

⁵ The Applicants state that, at this time, VNG's regulated affiliates include: Northern Illinois Gas Company d/b/a Nicor Gas Company in Illinois; Atlanta Gas Light Company in Georgia; Chattanooga Gas Company in Tennessee; Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas Company in New Jersey; Pivotal Utility Holdings, Inc., d/b/a Florida City Gas Company in Florida; and Pivotal Utility Holdings, Inc., d/b/a Elkton Gas Company in Maryland (collectively, "Regulated Affiliates").

⁶ Any VNG use of affiliate building space should be credited against VNG's billing for affiliate use of its building space.

CASE NO. PUE-2015-00081 AUGUST 7, 2015

APPLICATION OF RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On July 24, 2015, Rappahannock Electric Cooperative ("Rappahannock" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to \$54,000,000 ("New Note") from the National Rural Utilities Cooperative Finance Corporation ("CFC") or from CoBank. Rappahannock has paid the requisite fee of \$250.

Rappahannock is seeking authority to borrow up to \$54,000,000 from CFC or CoBank to retire, prior to maturity, up to \$54,000,000 of an outstanding loan with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the new debt will be determined at the time of advance. At the time the Cooperative submitted its application, the current CFC rate for the New Note was 4.05%. The New Note will have a 30-year maturity, and interest and principal payments will be made monthly. According to the application, Rappahannock expects to save approximately \$10.7 million of interest over the term of the New 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 incur up to \$54,000,000 in debt obligations 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 the lender selected, the Cooperative shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the name of the lender, the amount of the advance, the interest rate, the payment schedule for principal interest payments, and the duration or term of the interest rate.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00081
OCTOBER 28, 2015**

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER AMENDING AUTHORITY GRANTED

By Order Granting Authority dated August 7, 2015, the State Corporation Commission ("Commission") authorized Rappahannock Electric Cooperative ("Rappahannock") to incur up to \$54,000,000 in debt obligations ("New Note") from the National Rural Utilities Cooperative Finance Corporation or from CoBank under the terms and conditions and for the purposes stated in its application. Rappahannock's stated purpose for the New Note was to refinance outstanding debt with the Rural Utilities Services.

On October 26, 2015, Rappahannock filed a letter ("Letter Request") with the Commission to request that the authority granted be amended to permit Rappahannock the flexibility to have principal and interest payments on the New Note to be made either quarterly, as now requested, or monthly, as granted.

THE COMMISSION, upon consideration of the Letter Request and having been advised by its Staff, 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) Rappahannock is further authorized to make quarterly or monthly interest and principal payments on the New Notes.
- (2) Except as modified herein, all remaining provisions of our Order Granting Authority dated August 7, 2015, shall remain in full force and effect.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00082
OCTOBER 1, 2015**

APPLICATION OF
H. P. TECHNOLOGIES, INC.

For a license to conduct business as an aggregator of natural gas and electricity

ORDER OF DISMISSAL

On July 27, 2015, H. P. Technologies, Inc. ("H. P. Technologies" 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").¹ In its Application, the Company seeks authority to serve small commercial, large commercial and industrial customers in the Virginia service territories of Columbia Gas of Virginia, Inc., Washington Gas Light Company, Dominion Virginia Power, and Appalachian Power Company.

¹ On August 5, 2015, the Company provided additional information with the Commission's Document Control Center to complete its Application.

On August 7, 2015, the Commission issued an Order for Notice and Comment, which, among other things, docketed the case, required H. P. Technologies to serve a copy of the Order for Notice and Comment on appropriate persons, and established various filing deadlines.² On September 23, 2015, H. P. Technologies filed a request to withdraw, without prejudice, its Application.

NOW THE COMMISSION, upon consideration of this matter, finds it appropriate to grant the Company's request.

Accordingly, IT IS ORDERED THAT this case is dismissed without prejudice.

² On September 3, 2015, the Commission issued an order granting the Motion of the Staff of the State Corporation Commission for Extension of Filing Deadlines and Order Directing Proper Service. On September 24, 2015, Virginia Electric and Power Company d/b/a Dominion Virginia Power filed a notice of participation and comments.

**CASE NO. PUE-2015-00083
SEPTEMBER 21, 2015**

JOINT APPLICATION OF
AQUA PRESIDENTIAL, INC.,
AQUA WINTERGREEN VALLEY UTILITY COMPANY,
AQUA UTILITIES CAPTAIN'S COVE, INC.,
and
AQUA VIRGINIA, INC.

For approval of a services agreement

ORDER GRANTING APPROVAL

On July 31, 2015, Aqua Presidential, Inc., Aqua Wintergreen Valley Utility Company, and Aqua Utilities Captain's Cove, Inc. (collectively, "Aqua Utilities Companies"), and Aqua Virginia, Inc. ("Aqua Virginia") (collectively, "Applicants"),¹ filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")² for approval of an agreement ("Agreement") that permits Aqua Virginia to provide certain services ("Service(s)") to the Aqua Utilities Companies.³

The proposed Agreement lists nine (9) Service categories: (1) Accounting and Financial Services; (2) Administration; (3) Customer Service; (4) Engineering; (5) Financial; (6) Operation; (7) Water Quality; (8) Legal; and (9) Purchasing, Contracts, and Sales Services. The Services will be provided at cost, with no added profit margin.⁴ The Agreement has no specific term. The Applicants represent that the proposed Agreement provides the opportunity to reduce and stabilize costs for the Aqua Utilities Companies ratepayers and take advantage of economies of scale by providing shared services through Aqua Virginia in areas that are common to and necessary for the operation of all of the Aqua Utilities Companies' utilities in Virginia. The Applicants also represent that Aqua Virginia's Services charges will be monitored to monitor savings versus market prices for similar Services.

The Staff of the Commission ("Staff") reviewed the Application and recommended that it should be approved subject to certain modifications and requirements. The Applicants filed no response to Staff's Action Brief.

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to certain modifications and requirements set forth in the Appendix to Staff's Action Brief filed contemporaneously with this Order. The proposed Agreement contains a clause that permits Aqua Virginia to provide "other services as Aqua Virginia and the Aqua Utilities Companies may agree."⁵ We have a practice of limiting service agreement approvals to Services specifically identified and described in the service agreement.⁶ Therefore, we find that the Agreement should be modified by removing the "other services" clause.

The proposed Agreement also provides for common Services that cannot be tied to a specific company to be allocated based on the "current year budgeted customer count" for each Aqua Utility Company divided by the total customers served by all Virginia companies.⁷ We believe that this proposed allocation methodology, which uses budgeted numbers, could be dependent on subjective management estimates. Therefore, we find that the approved Agreement should be modified by replacing the "budgeted customer count" allocation basis with actual prior year-end customer count, adjusted only for significant current-year changes.

¹ Each Applicant is a Virginia public service company that provides water and wastewater service in Virginia. The Aqua Utilities Companies are direct subsidiaries of Aqua Virginia, which is wholly owned by Aqua America.

² § 56-76 *et seq.*

³ The Aqua Utilities Companies will not provide any Services to Aqua Virginia pursuant to this Agreement.

⁴ See Exhibit B, Transaction Summary, Response B.6.

⁵ See Exhibit A, Agreement, Article I, Paragraph 1.1.

⁶ See *Ordering Paragraph (4), Application of Aqua Virginia, Inc., Reston/Lake Anne Air Conditioning Corporation, Aqua Virginia Water Utilities, Inc., Aqua Virginia Utilities, Inc., and Aqua Services, Inc., For approval of amended services agreement*, Case No. PUE-2012-00038, 2012 S.C.C. Ann. Rept. 430, Order (June 27, 2012); 2012 S.C.C. Ann. Rept. 432, Order *Nunc Pro Tunc* (July 16, 2012).

⁷ See Article II, Section 2.3 of the proposed Agreement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Finally, the proposed Agreement states that general overhead "shall include, but not be limited to," certain costs.⁸ The Applicants state that at this time there are no general overhead costs other than those listed in the Agreement.⁹ Therefore, we find that the Agreement should be modified by removing the "but not be limited to" clause.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Agreement subject to the modifications and requirements set forth herein.

(2) The approval granted herein shall be limited to five (5) years from the effective date of the Order Granting Approval in this case. Should the Applicants wish to continue under the Agreement beyond that date, separate Commission approval shall be required.

(3) The "other services" clause shall be removed from the Agreement. The approval granted herein shall be limited to the Services specifically identified in Exhibit A to the Agreement. Should the Applicants wish for Aqua Virginia to provide any additional Services, separate Commission approval shall be required.

(4) The "budgeted customer count" allocation basis in the Agreement shall be replaced by actual prior year-end customer count, adjusted only for significant current year changes.

(5) The "but not limited to" clause shall be removed from the Agreement.

(6) Separate approval shall be required for Aqua Virginia to provide services to the Aqua Utilities Companies through the engagement of affiliated third parties.

(7) Separate approval shall be required for the transfer of any goods or equipment between Aqua Virginia and the Aqua Utilities Companies.

(8) Separate approval shall be required for any changes in the terms and conditions of the approved Agreement, including any changes in allocation methodologies or successors or assigns.

(9) Aqua Virginia shall maintain records to demonstrate that the Services provided by Aqua Virginia to the Aqua Utilities Companies are cost-beneficial to Virginia customers.

(10) The approval granted herein shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the approved Agreement.

(11) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code hereafter.

(12) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by the Commission, in connection with the approval granted herein.

(13) The Applicants shall file a signed and executed copy of the approved Agreement within 30 days of the effective date of the Order Granting Approval in this case, which deadline may be extended administratively by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(14) Aqua Virginia shall be required to include all transactions associated with the approved Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director by May 1 of each year, which deadline may be extended administratively by the UAF Director. In addition to the information Aqua Virginia currently provides, Aqua Virginia shall include in the ARAT the following approved Agreement information:

- (a) The case number in which the transactions were approved;
- (b) Identification of the Aqua Utilities Company involved in each transaction;
- (c) Description of each transaction and specific service provided;
- (d) Transactions by month; and
- (e) Dollar amount paid to, or received by, Aqua Virginia for each transaction per month.

(15) In the event that Aqua Virginia's annual informational filings or base rate proceedings are not based on a calendar year, then Aqua Virginia shall include the affiliate information contained in its ARAT in such filings.

(16) There appearing nothing further to be done in this matter, it hereby is dismissed.

⁸ See Article III, Section 3.2 of the proposed Agreement.

⁹ See Applicant's 8/21/15 Response to Staff Data Request No. 6.

**CASE NO. PUE-2015-00084
OCTOBER 23, 2015**

JOINT APPLICATION OF
AQUA VIRGINIA, INC.,
AQUA PRESIDENTIAL, INC.,
AQUA WINTERGREEN VALLEY UTILITY COMPANY, INC.,
AQUA UTILITIES CAPTAIN'S COVE, INC.,
and
AQUA AMERICA, INC.

To update authority granted in Case No. PUE-2014-00079 for continued participation in a Tax Allocation Agreement pursuant to the Affiliates Act, Va. Code § 56-76 *et seq.*

ORDER GRANTING AUTHORITY

On July 31, 2015, Aqua Virginia, Inc. ("Aqua Virginia"), Aqua Presidential, Inc. ("Aqua Presidential"), Aqua Wintergreen Valley Utility Company, Inc. ("Aqua Wintergreen"), Aqua Utilities Captain's Cove, Inc. ("Aqua CC") (collectively, "Virginia Utility Companies"), and Aqua America, Inc. ("Aqua America") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),¹ requesting authority to update the Tax Allocation Agreement previously approved in Case No. PUE-2014-00079 between Aqua Virginia, Aqua Presidential, and Aqua America ("Current Agreement").²

Specifically, the Applicants request authority to include Aqua Wintergreen and Aqua CC in the proposed Tax Allocation Agreement ("Proposed Agreement") as the result of the recent Commission proceedings granting approval of a transfer of their predecessor firms' utility assets to Aqua Wintergreen and Aqua CC, respectively, in Case Nos. PUE-2014-00126³ and PUE-2015-00014.⁴

Aqua America files, remits, and reconciles a consolidated federal income tax return and the associated tax liabilities on behalf of itself and its affiliates in accordance with 26 U.S.C. § 1501 *et seq.*, which permits affiliated corporations to file consolidated federal income tax returns. The Current Agreement sets forth the specific procedures for allocating Aqua America's consolidated federal income tax liability among the members ("Members") of its consolidated tax group ("Aqua Tax Group"). The Proposed Agreement updates the list of Members of the Aqua Tax Group. The Applicants represent that the Proposed Agreement should provide benefits to Virginia customers in the form of consolidated tax management cost efficiencies.

NOW THE COMMISSION, upon consideration of the Application, the representations of the Applicants, the applicable statutes, and having been advised by the Staff of the Commission ("Staff"), is of the opinion and finds that the above-described Proposed Agreement is in the public interest and should, therefore, be approved subject to certain requirements set forth in Staff's appendix to its Action Brief.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants are hereby granted approval to execute the Proposed Agreement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) There appearing nothing further to be done, this case is dismissed from the Commission's docket of active cases, and the papers filed herein shall be placed in the Commission's file for ended causes.

¹ Va. Code § 56-76 *et seq.*

² *Application of Aqua Virginia, Inc., Aqua Presidential, Inc., and Aqua America, Inc., To update authority granted in Case No. PUE-2008-00013 for continued participation in a tax allocation agreement pursuant to the Affiliates Act, § 56-76 et seq. of the Code of Virginia*, Case No. PUE-2014-00079, 2014 S.C.C. Ann. Rept. 478, Order Granting Authority (Nov. 21, 2014).

³ *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, Doc. Con. Cen. No. 150610193, Order Granting Approval (June 3, 2015).

⁴ *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, Doc. Con. Cen. No. 150810161, Order Granting Approval (Aug. 4, 2015).

**CASE NO. PUE-2015-00085
AUGUST 26, 2015**

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On August 4, 2015, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to \$32.4 million from the National Rural Utilities Cooperative Finance Corporation ("CFC"). CVEC has paid the requisite fee of \$250. In accordance with 5 VAC 5-20-170 of the

Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, CVEC also filed a motion for protective order ("Motion") to prevent public disclosure of confidential information contained in the Company's Application

CVEC seeks authority to borrow up to \$32.4 million from CFC to retire, prior to maturity, four loans with the Rural Utilities Services ("RUS") which total approximately \$32.4 million. The existing loans carry an average interest rate of 4.72% with lives extending 27 years. There are no prepayment penalties associated with the early retirement of the RUS debt. The interest rate on the new debt has been locked in at an effective rate well below 4.72% for the life of the loan. The CFC debt will have maturities ranging from 12 to 15 years. According to the Application, CVEC expects to realize interest savings of over \$10.8 million as a result of this refinancing.

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. Further, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.¹

Accordingly, IT IS ORDERED THAT:

- (1) CVEC is authorized to incur up to \$32.4 million in debt obligations with CFC, under the terms and conditions and for the purposes stated in its Application.
- (2) Within thirty (30) days of the date of any advance of funds from CFC, the Cooperative shall file with the Commission's Division of 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.

¹ The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

**CASE NO. PUE-2015-00085
SEPTEMBER 16, 2015**

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER AMENDING AUTHORITY GRANTED

On August 4, 2015, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to \$32.4 million from the National Rural Utilities Cooperative Finance Corporation ("CFC"). The Cooperative represented in its Application that this CFC debt would have maturities ranging from 12 to 15 years. By Order Granting Authority dated August 26, 2015, the Commission authorized CVEC to borrow up to \$32.4 million from the CFC and described this debt as having maturities ranging from 12 to 15 years.

On September 14, 2015, the Cooperative filed a letter ("Letter") notifying the Commission of an error in its Application. In its Letter, CVEC stated that it would be issuing debt with maturities ranging from 12 to 16 years.¹ The Cooperative respectfully requests the Commission to issue an amending order to "accurately represent the terms of the debt obligation that CVEC is authorized to incur."

NOW THE COMMISSION, having considered the Cooperative's request, is of the opinion and finds that it will not be detrimental to the public interest and, therefore, the Commission should grant CVEC's request.

Accordingly, IT IS ORDERED THAT:

- (1) CVEC is authorized to incur up to \$32.4 million in debt obligations with CFC, under the terms and conditions and for the purposes stated in its Application, except CVEC will be issuing debt with maturities ranging from 12 to 16 years, rather than 12 to 15 years.
- (2) Except as modified herein, all provisions of the Order Granting Authority dated August 26, 2015, shall remain in full force and effect.
- (3) There appearing nothing further to be done in this matter, it hereby is dismissed.

¹ On September 15, 2015, CVEC filed a second letter clarifying that CVEC would be issuing the debt.

**CASE NO. PUE-2015-00086
NOVEMBER 4, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

FINAL ORDER

On August 31, 2015, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), filed an Application with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T-R.A.C. ("T-RAC"). Subsection A 4 allows an investor-owned electric utility to recover, with Commission approval, certain costs through a rate adjustment clause. Subsection A 4 deems to be prudent the "costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member, as determined under applicable rates, terms and conditions approved by the Federal Energy Regulatory Commission [("FERC")] and "costs charged to the utility that are associated with demand response programs approved by the [FERC] and administered by the regional transmission entity of which the utility is a member."

Specifically, the Company's Application proposed a total transmission revenue requirement of approximately \$231.3 million projected for the rate year February 1, 2016 through January 31, 2017 ("Rate Year"). This total revenue requirement consists of three parts: (1) \$159.8 million of costs that APCo projects will be incurred during the Rate Year; (2) an under-recovery balance of \$57.7 million of costs that APCo indicates it has incurred, but has not collected, during November 2013 through July 2015; and (3) an additional under-recovery balance of \$13.8 million that APCo, at the time of the Application, projected would accumulate during the period of August 2015 through January 2016.¹

APCo proposes to recover its Subsection A 4 costs through a combination of base rates and the proposed T-RAC. In 2009, the Commission approved APCo's request for a rate adjustment clause pursuant to Subsection A 4.² This rate adjustment clause was subsequently combined with the Company's base rates as a result of APCo's first biennial review proceeding, Case No. PUE-2011-00037.³ The Application proposes to retain APCo's transmission base surcharge rates currently in place, and to use the proposed T-RAC for recovery of the incremental difference between APCo's total T-RAC revenue requirement and the T-RAC revenues being recovered in the Company's base transmission rates.⁴

A one-year recovery of the total revenue requirement of \$231.3 million would result in a revenue increase of approximately \$96.8 million over the Company's annual transmission cost recovery of approximately \$134.5 million produced by the Company's current rates.⁵ Rather than recovering the total revenue requirement over one year, however, APCo proposes to recover the under-recovery portions of the proposed T-RAC over 16 months.⁶ Under this proposal, the annual revenue requirement for the Rate Year, if approved, would be approximately \$213.4 million.⁷ The Company does not propose to modify the currently-approved jurisdictional and customer class allocation methods.⁸

On September 8, 2015, the Commission issued an Order for Notice and Hearing that established a procedural schedule for this case; provided interested persons an opportunity to comment on the Application or participate in this proceeding by filing a notice of participation; scheduled an evidentiary hearing; directed the Company to provide public notice of its Application; and directed the Commission's Staff ("Staff") to investigate the Application and file testimony presenting its findings to the Commission. The Order for Notice and Hearing also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed in this proceeding by the following: the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Steel Dynamics, Inc.; VML/VACo APCo Steering Committee ("Steering Committee"); and the Old Dominion Committee for Fair Utility Rates ("Committee"). These participants did not file testimony in this proceeding.

On October 13, 2015, the Staff filed testimony recommending a total transmission revenue requirement of approximately \$231.3 million and an annual revenue requirement of approximately \$213.4 million, using APCo's proposal for a 16-month recovery of the under-recovery portions of the proposed T-RAC.⁹ Additionally, Staff's testimony identified the results of Staff's audit of the Company's Subsection A 4 costs and recoveries, which the Commission

¹ Exhibit ("Ex.") 2 at 3, Filing Schedule 46, Section 1, Statement 2, Filing Schedule 46, Section 1, Statement 3.

² *Petition of Appalachian Power Company, For approval of rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia*, Case No. PUE-2009-00031, 2009 S.C.C. Ann. Rept. 450, Final Order (Oct. 6, 2009).

³ *Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rept. 477, 490-91, Final Order (Nov. 30, 2011).

⁴ Ex. 2 at 3-4.

⁵ Ex. 2 at 3.

⁶ *Id.*

⁷ *Id.* at 3-4.

⁸ Ex. 6 at 4.

⁹ Ex. 7 at 5.

directed Staff to conduct in its Final Order in Case No. PUE-2013-00111.¹⁰ Staff found the Company's historical under-recovery balance of \$57.7 million to be accurate.¹¹

On October 19, 2015, APCo filed a letter informing the Commission that it would not be filing rebuttal testimony.¹²

On October 26, 2015, a hearing was conducted for the purpose of receiving public witness testimony and evidence offered by the Company, respondents, and Staff. Counsel for the Company, Consumer Counsel, the Steering Committee, the Committee, and Staff were present at the hearing.

At the hearing, APCo and Staff presented a Stipulation, which no party opposed.¹³ The Stipulation proposes Commission approval of Staff's recommended total transmission revenue requirement and Staff's recommended annual revenue requirement, which uses a 16-month recovery of the Company's under-recovery balance.¹⁴ Additionally, the Stipulation proposes that the audit conducted pursuant to the Commission's Final Order in Case No. PUE-2013-00111 be closed.¹⁵

On October 28, 2015, Senior Hearing Examiner Alexander F. Skirpan, Jr., entered a report ("Hearing Examiner's Report") that explained the procedural history of this case, summarized the record, discussed the proposed Stipulation, and made certain findings and recommendations. The Hearing Examiner found that the Stipulation resolves all of the issues raised in this proceeding, is supported by APCo and Staff, and is unopposed by the other parties to this proceeding. The Hearing Examiner also found that the proposed T-RAC, as modified by the Stipulation, is consistent with Subsection A 4 of the Code. Based on his findings, the Hearing Examiner recommended that the Commission adopt the Stipulation.¹⁶

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable provisions of the Code, is of the opinion and finds that the findings and recommendations of the Hearing Examiner's Report are in the public interest and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Application is granted as set forth herein.
- (2) The Stipulation attached hereto as Attachment A is adopted, and its terms are incorporated herein.
- (3) Within thirty (30) days from the date of this Final Order, the Company shall file, with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, the updated tariff sheets for Rider T-RAC as approved herein.
- (4) This matter is dismissed, and the papers herein shall be passed to the file for ended causes.

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

¹⁰ *Application of Appalachian Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia*, Case No. PUE-2013-00111, 2014 S.C.C. Ann. Rept. 322, Final Order (Mar. 18, 2014).

¹¹ Ex. 7 at 7.

¹² Ex. 9 at 1.

¹³ Ex. 10; Tr. 6.

¹⁴ Ex. 10 at 1.

¹⁵ *Id.* at 2.

¹⁶ Hearing Examiner's Report at 11. The Hearing Examiner also noted that Staff and the parties waived comments to the Hearing Examiner's Report. *Id.*

**CASE NO. PUE-2015-00088
SEPTEMBER 2, 2015**

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor

ORDER ESTABLISHING 2015-2016 FUEL FACTOR PROCEEDING

On August 14, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking a two-phase decrease in its fuel factor.¹ The Company proposes to reduce the current factor of 2.953 cents per kilowatt-hour ("¢/kWh") to 2.586¢/kWh, effective for service rendered on and after October 1, 2015, and to

¹ The Company filed its Application in both confidential and public versions.

reduce it further to 2.301¢/kWh, effective for service rendered on and after February 1, 2016.² As part of its Application, APCo filed the direct testimony of several witnesses.

The Company's proposed fuel factor consists of both an in-period and a prior-period factor. The Company's proposed in-period factor is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses and a credit for 75% of projected off-system sales margins, of approximately \$340 million for the period of October 1, 2015 to September 30, 2016.³ The Company proposes to reduce the in-period factor component from the current 2.636¢/kWh to 2.301¢/kWh, effective for service rendered on and after October 1, 2015.⁴ The prior-period component is designed to recover the deferred fuel balance, which the Company projects will be approximately \$15.3 million by the end of September 2015.⁵ The Company proposes to reduce the prior-period factor from the current 0.307¢/kWh to 0.285¢/kWh, effective for service rendered on and after October 1, 2015, to recover the estimated deferred under-recovery balance of approximately \$15.3 million over a period of four months, after which the prior-period component would expire and the fuel factor would decrease to 2.301¢/kWh, effective February 1, 2016.⁶

The Company represents that the net impact of using the Company's proposed fuel factors over the October 1, 2015 through September 30, 2016 period is an annual revenue decrease of \$81.1 million, or an approximately 5.8% decrease to current revenues.⁷ According to the Company, the Company's proposal would decrease the monthly bill of a residential customer using 1,000 kWh of electricity by \$3.67, or approximately 3.2%, effective October 1, 2015, and would further decrease it by \$2.85, or 2.6%, effective February 1, 2016.⁸

Finally, in conjunction with the filing of its Application, on August 14, 2015, the Company filed a Motion for Protective Order ("Motion for Protective Order") and a proposed protective order that establishes procedures governing the use of confidential information in this proceeding.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; APCo should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or to participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2015-00088.
- (2) The Company's proposed fuel factor of 2.586¢/kWh shall be placed into effect on an interim basis for service rendered on and after October 1, 2015.
- (3) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),⁹ a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding, including the Company's Motion for Protective Order.
- (4) A public hearing on the Application shall be convened on December 15, 2015, at 10 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and evidence offered by the Company, respondents, and the Staff on the Company's Application. 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 Company shall forthwith make copies of the public versions of its Application, pre-filed testimony, and exhibits, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at all Company offices in the Commonwealth of Virginia. Interested persons also may review a copy of the public version of the Company's Application in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may request a copy of the same, at no charge, by written request to counsel for APCo, John K. Byrum, Esquire, Woods Rogers P.L.C., 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. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.sec.virginia.gov/case>.

² Application at 4.

³ Direct Testimony of Garry H. Simmons at 5.

⁴ Application at 2, 4.

⁵ Application at 3.

⁶ *Id.* at 2, 4.

⁷ Direct Testimony of Garry H. Simmons at 7.

⁸ *Id.* at 7-8.

⁹ 5 VAC 5-20-10 *et seq.*

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(6) On or before September 25, 2015, APCo shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF APPALACHIAN POWER COMPANY'S
REQUEST TO REVISE ITS FUEL FACTOR
CASE NO. PUE-2015-00088

On August 14, 2015, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia seeking a two-phase decrease in its fuel factor. The Company proposes to reduce the current factor of 2.953 cents per kilowatt-hour ("¢/kWh") to 2.586¢/kWh, effective for service rendered on and after October 1, 2015, and to reduce it further to 2.301¢/kWh, effective for service rendered on and after February 1, 2016.

The Company's proposed fuel factor consists of both an in-period and a prior-period factor. The Company's proposed in-period factor is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses and a credit for 75% of projected off-system sales margins, of approximately \$340 million for the period of October 1, 2015 to September 30, 2016. The Company proposes to reduce the in-period factor component from the current 2.636¢/kWh to 2.301¢/kWh, effective for service rendered on and after October 1, 2015. The prior-period component is designed to recover the deferred fuel balance, which the Company projects will be approximately \$15.3 million by the end of September 2015. The Company proposes to reduce the prior-period factor from the current 0.307¢/kWh to 0.285¢/kWh, effective for service rendered on and after October 1, 2015, to recover the estimated deferred under-recovery balance of approximately \$15.3 million over a period of four months, after which the prior-period component would expire and the fuel factor would decrease to 2.301¢/kWh, effective February 1, 2016.

The Company represents that the net impact of using the Company's proposed fuel factors over the October 1, 2015 through September 30, 2016 period is an annual revenue decrease of \$81.1 million, or an approximately 5.8% decrease to current revenues. According to the Company, the Company's proposal would decrease the monthly bill of a residential customer using 1,000 kWh of electricity by \$3.67, or approximately 3.2%, effective October 1, 2015, and would further decrease it by \$2.85, or 2.6%, effective February 1, 2016.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Company's Application and supporting documents.

The Commission entered an Order Establishing 2015-2016 Fuel Factor Proceeding ("Order") that, among other things, scheduled a public hearing on December 15, 2015, at 10 a.m. in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear 15 minutes before the starting time of the hearing and contact the Commission's Bailiff.

In its Order, the Commission also allowed the Company to place the first phase of its proposed fuel factor of 2.586¢/kWh into effect for service rendered on and after October 1, 2015, on an interim basis.

The public version of the Company's Application, pre-filed testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in the Commonwealth of Virginia. A copy of the public version of the Company's Application also may be obtained, at no cost, by written request to counsel for APCo, John K. Byrum, Esquire, Woods Rogers P.L.C., 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.

Interested persons also may review a copy of the public version of the Company's Application in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. In addition, unofficial copies of the public version of the Company's Application, Commission orders entered in this docket, the Commission's Rules of Practice and Procedure ("Rules of Practice"), as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

On or before December 8, 2015, any interested person wishing to comment on the Company's Application shall file written comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before December 8, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2015-00088.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before October 16, 2015. If not filed electronically, an original and fifteen (15) copies of the

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notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2015-00088. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before October 30, 2015, each respondent may file with the Clerk of the Commission and serve on the Commission's Staff, the Company, and all other respondents any testimony and exhibits by which the respondent expects to establish its case. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00088.

APPALACHIAN POWER COMPANY

(7) On or before September 25, 2015, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) of every city and town in which the Company provides service in the Commonwealth of Virginia. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before October 23, 2015, the Company shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (6) and (7) herein.

(9) On or before December 8, 2015, any interested person wishing to comment on the Company's Application shall file written comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before December 8, 2015, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2015-00088.

(10) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before October 16, 2015, 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. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (9) above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at counsel's address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2015-00088.

(11) Within three (3) 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, the Application, and the Company's supporting materials filed in this proceeding, unless these materials already have been provided to the respondent.

(12) On or before October 30, 2015, each respondent may file with the Clerk of the Commission and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00088.

(13) The Staff shall investigate the Application. On or before November 20, 2015, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(14) On or before December 4, 2015, the Company 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 submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (9).

(15) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers and objections to interrogatories and requests for production of documents shall be served within five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.¹⁰ Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

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

¹⁰ The assigned Staff attorney is identified on the Commission's website, <http://www.sec.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUE-2015-00088, in the appropriate box.

**CASE NO. PUE-2015-00091
NOVEMBER 9, 2015**

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval to revise its SAVE Rider for calendar year 2016

**ORDER APPROVING SAVE RIDER
FOR CALENDAR YEAR 2016**

On August 19, 2015, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") to revise its SAVE Rider for calendar year 2016 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, 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure,¹ the Commission's November 15, 2012 Order Approving Amended SAVE Plan in Case No. PUE-2012-00096,² and the Commission's June 5, 2015 Order in Case No. PUE-2015-00017.³ The Company requested a total 2016 SAVE Rider revenue requirement of \$16,801,883.

On September 3, 2015, the Commission entered an Order for Notice and Comment, which, among other things, required the Company to publish notice of its Application; provided interested parties an opportunity to file comments on the Application, request a hearing, or participate as a respondent in this proceeding; directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing its findings and recommendations ("Staff Report" or "Report"); and permitted the Company to file a response to any comments received and the Staff Report. No comments, notices of participation, or requests for hearing were filed.

On October 19, 2015, Staff filed its Report wherein it recommended that the Commission approve a 2016 SAVE Rider for WGL, effective January 1, 2016, based on a revenue requirement of \$16,854,128. Staff's recommended revenue requirement is composed of a Current Factor revenue requirement of \$18,741,563 and a Reconciliation Factor revenue requirement of (\$1,887,435). Staff further recommended that the Commission: (1) adopt Staff's changes in the calculation of the SAVE Rider revenue requirement; (2) direct the Company to conduct a full analysis of its accounting for the SAVE deferral to ensure its accuracy, and file the results of such evaluation within 90 days of the Final Order entered in this proceeding; (3) direct the Company to incorporate correct per book SAVE deferral beginning balances in the subsequent SAVE annual reconciliation filings; (4) direct the Company to incorporate the results from the 2015 depreciation study in the next SAVE Rider for WGL; (5) adopt the Company's proposed allocation methodologies among the rate classes when developing the Current Factor and the Reconciliation Factor based on the above revenue requirements; (6) direct the Company to file all rate sheets pursuant to the Final Order in this proceeding; and (7) direct the Company to file an updated weighted-average cost of capital with its next SAVE Rider application if the Company's overall cost of capital reflected in its base rates has not been changed by order of the Commission by that time.⁴

On October 26, 2015, the Company filed its Comments on the Staff Report ("Comments"). The Company stated in its Comments that it does not object to most of Staff's recommendations, but requested that the timing of Staff's last recommendation be adjusted. Specifically, the Company stated that it "does not disagree with the principle of updating its weighted-average cost of capital for purposes of the SAVE Plan."⁵ However, the Company asserts that Staff's recommendation to update the Company's weighted-average cost of capital with its next SAVE application is not consistent with the SAVE Act, as the Company's current base rates went into effect October 1, 2011.⁶ The Company asserts that requiring it to file an updated cost of capital on or before September 1, 2016 (the date of its next SAVE filing) would be before the end of the five-year period noted in Code Section 56-603.1. Instead, WGL

¹ 5 VAC 5-20-10 *et seq.*

² *Application of Washington Gas Light Company, For authority to amend its SAVE Plan pursuant to § 56-504 B of the Code of Virginia*, Case No. PUE-2012-00096, 2012 S.C.C. Ann. Rept. 502, Order Approving Amended SAVE Plan (Nov. 15, 2012).

³ *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, Doc. Con. Cen. No. 150620011, Order (Jun. 5, 2015).

⁴ This recommendation is based on the definition of "Eligible infrastructure replacement costs" in Virginia Code § 56-603, which states that the Commission may require the utility to file an updated weighted-average cost of capital "[i]f the natural gas utility's cost of capital underlying the base rates in effect at the time its proposed SAVE plan is filed has not been changed by order of the Commission within the preceding five years[.]"

⁵ Comments at 4.

⁶ 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).

proposes to use the weighted-average cost of capital underlying the Commission's approval of the Company's Annual Informational Filing for fiscal year 2016 to determine the current factor for the SAVE Plan Rider for calendar year 2018, and going forward, unless the Company's cost of capital has been changed by order of the Commission prior to the Company's filing to extend its SAVE Plan.⁷

NOW THE COMMISSION, having considered the Company's Application and the applicable law, is of the opinion and finds that the Company's Application for its 2016 SAVE Rider should be approved, subject to the requirements set forth below. We adopt Staff's methodology in the calculation of the Company's SAVE Rider revenue requirement and direct the Company to apply that methodology in its next SAVE Rider application. However, because Staff's recommended revenue requirement exceeds the amount requested in the Company's Application (and the amount stated in the public notice), we approve the Company's requested revenue requirement in the amount of \$16,801,883. 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 SAVE Rider for Calendar Year 2016 hereby is approved subject to the following requirements. Rates consistent with this Order shall be effective from January 1, 2016, through December 31, 2016.

(2) WGL shall conduct a full analysis of its accounting for the SAVE deferral to ensure its accuracy, and shall file the results of such evaluation within 90 days of the date of this Order.

(3) WGL shall incorporate correct per book SAVE deferral beginning balances in its subsequent SAVE annual reconciliation filings.

(4) WGL shall incorporate the results from its 2015 depreciation study in the Company's next SAVE Rider filing.

(5) Within thirty (30) days of the date of this Order, the Company shall file with the Clerk of the Commission and the Divisions of Energy Regulation and Utility Accounting and Finance revised rate schedules and terms and conditions of service for the 2016 Current Factor and Reconciliation Factor, along with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(6) Upon request of Staff, the Company shall provide information related to the specific filings required pursuant to § 56-604 E of the Code of Virginia at least thirty (30) days prior to such filing deadlines.

(7) This case is dismissed.

⁷ Comments at 5.

**CASE NO. PUE-2015-00093
OCTOBER 6, 2015**

APPLICATION OF
OPEN MARKET ENERGY LLC

For a license to conduct business as an aggregator of natural gas

ORDER GRANTING LICENSE

On August 24, 2015, Open Market Energy LLC ("OME" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas ("Application"). In its Application, the Company seeks authority to serve eligible commercial, industrial and governmental customers throughout the Commonwealth of Virginia.¹ OME attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").

On September 3, 2015, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required OME 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 to present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file a response to the Staff Report.

On September 17, 2015, OME filed proof of service. No comments were filed concerning the Company's Application.

On September 22, 2015, the Staff filed its Report, which summarized OME's Application and evaluated its financial condition and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of natural gas to commercial, industrial and governmental customers throughout the Commonwealth of Virginia.² No responses were filed to the Staff Report by September 28, 2015, as required by the Order for Notice and Comment.

¹ Although OME seeks to serve the customer classes indicated in its Application throughout the Commonwealth of Virginia, retail choice for natural gas exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. However, access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

² Staff Report at 5.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that OME's Application for a license to conduct business as an aggregator of natural gas to commercial, industrial and governmental customers throughout Virginia should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

- (1) OME is hereby granted License No. A-43 to conduct business as an aggregator of 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.

**CASE NO. PUE-2015-00096
OCTOBER 23, 2015**

APPLICATION OF
ECO-ENERGY, LLC

For license to conduct business as a competitive service provider of natural gas

ORDER GRANTING LICENSE

On September 10, 2015, Eco-Energy, LLC ("Eco-Energy" or the "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas ("Application") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"). The Application seeks authority to serve commercial and industrial customers throughout the Commonwealth of Virginia.¹ The Company attested that it would abide by all applicable Commission regulations as required under the Retail Access Rules.

On September 16, 2015, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Eco-Energy to provide notice to appropriate persons; provided for the receipt of comments from the public; required the Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a Staff Report; and provided an opportunity for participants to file reply comments to the Staff Report. The Company filed proof of notice on October 1, 2015. No comments were received.

On October 14, 2015, the Staff filed its Report, which summarized Eco-Energy's Application and evaluated its financial condition and technical fitness. The Staff Report noted that Eco-Energy currently provides competitive natural gas service in eight states, with licensure required in three of those states. Staff concluded that Eco-Energy has adequate access to financial resources and adequate technical and managerial expertise to provide the services contemplated in the Application. Staff recommended that Eco-Energy be granted a license to conduct business as a competitive service provider of natural gas to commercial and industrial customer classes throughout the service territories open to competition in the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Eco-Energy meets the requirements for a license to conduct business as a competitive service provider of natural gas, and such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Eco-Energy, LLC, is hereby granted License No. G-47 to conduct business as a competitive service provider of natural gas to commercial and industrial 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) Eco-Energy, LLC, shall file a copy of its audited financial statements directly with the Division of Utility Accounting and Finance simultaneously with its annual report as required by the Retail Access Rules, 20 VAC 5-312-20 P.
- (4) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

¹ Although Eco-Energy seeks to serve commercial and industrial customers throughout the Commonwealth of Virginia, retail choice exists only as set forth in the Code of Virginia. Furthermore, retail choice for natural gas customers currently exists only in the service territories of Columbia Gas of Virginia, Inc., and Washington Gas Light Company. Access to industrial customers in other gas distribution service territories has existed under FERC authority since the mid-1980s.

**CASE NO. PUE-2015-00097
NOVEMBER 30, 2015**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On October 30, 2015, Virginia-American Water Company ("Virginia-American," "Applicant" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application"). The Company filed supplementary materials for Schedules 16; 29, workpaper R-57; and 36, as requested by Commission Staff, on November 16, 2015. The Application was filed pursuant to Article 2 of Chapter 10 of Title 56 of the Code of Virginia ("Code")¹ and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.² Exhibits and the prefiled testimony of William R. Walsh, Lauren S. Sufleta, Tim O'Brien, Gary Akmentins, Rob Nevirauskas, Greg Roach, Jo Anne Lontz, Patrick L. Baryenbruch, Paul Moul, and Paul R. Herbert were included with the Application.

The Company requests authority to increase rates to produce additional jurisdictional sales revenues of \$8.69 million.³ 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.⁴ 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 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).⁵

The Application states that Virginia-American has made significant capital investments in the four years since the filing of its last rate case, and at the same time water consumption per customer has continued to decline. Virginia-American asserts that it is not earning its allowed return on equity.⁶

The Company asserts an intention to move gradually toward consolidated rates for providing water service across its operating Districts.⁷ The Application states that the centralized nature of Virginia-American's operation and the equivalent services provided to the customers in each district support the need to charge more uniform rates. The Company states that a gradual move to a single tariff rate for the same customer class is in the best interest of customers and will prevent districts from experiencing significant changes in rates at one time.⁸

In 2013, Virginia-American acquired Dale Service Corporation ("Dale Service"), has since merged Dale Service into the Company, and established its wastewater operations as the Prince William Wastewater District.⁹ The Company states that it wishes to establish new rates for the Prince William Wastewater District based on the rate base/rate of return methodology rather than the debt service coverage methodology previously used to set rates. In addition to consolidating customer service and other efforts, the Company also states its intention to combine bills for customers in the Prince William Water District and the Prince William Wastewater District.¹⁰ The Application states that as part of this transition customers in the Prince William Wastewater District, who are currently billed quarterly and in advance of receiving service, will be billed monthly after receiving service. The Application also states that for customers with metered water service, the Company is proposing bills that reflect actual usage based on water consumption rather than the current flat rates based on general usage levels.¹¹

The Company asserts that it has made significant investments in the Prince William Wastewater District, which have resulted in significant benefits to those customers.¹² The Company seeks recognition by the Commission of a ten-year amortization of the acquisition costs of Dale Service in excess of rate base and inclusion in the rate base of the unamortized balance of that cost.¹³

¹ Va. Code § 56-232 *et seq.*

² 20 VAC 5-201-10 *et seq.*

³ Application at 2.

⁴ *Id.*

⁵ *Id.* at 2.

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.* at 5.

⁹ *Id.*

¹⁰ *Id.* at 6.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

The Company proposes a number of changes to its Rules and Regulations, primarily involving the combination of the existing Rules and Regulations applicable to water service and wastewater service. The Company states this will serve to reduce any potential customer confusion due to having multiple rules and regulations.¹⁴

The Company also proposes the following additional changes to its Rules and Regulations: (1) a new section regarding controls on substances disposed of into the sewer system; (2) the addition of sewer collections system with a refund mechanism under the rule for extension of mains; (3) the ability to shut off water service if either the water or sewer bill is not paid and associated fees; (4) the customer's responsibility to maintain their sewer plumbing system for the performance of routine operation and maintenance work; and (5) new water system cross connection control language.¹⁵

The Company seeks approval and implementation of an annual Water and Wastewater Infrastructure Service Charge ("WWISC") rider that would allow for the timely recovery of the costs of non-revenue producing investments, such as infrastructure replacement. The Application states that much of Virginia-American's infrastructure is approaching the end of its useful life. The Company asserts that it has made substantial investments in its infrastructure in the last few years, which necessitate the need for the increased rates proposed in this Application. Current investments in infrastructure have amounted to a 0.32% annual replacement rate.¹⁶ However, the Company states that these investments have yielded a lower than optimal replacement rate. The Application states that the industry's and Virginia-American's goal is to reach a replacement rate of approximately 1% a year.¹⁷

The Company states that the WWISC, as proposed, would provide Virginia-American with the necessary financial support to accelerate infrastructure replacement without having to file for new base rates, while providing the Commission with a significant opportunity for review and approval.¹⁸ The Company asserts that this mechanism will help to ensure that customers are not subject to large rate increases and that the recovery of this needed investment occurs gradually.¹⁹

Virginia-American asserts an expectation that the WWISC rider will not exceed 10% of a customer's bill.²⁰ Virginia-American proposes an initial three-year WWISC program with the opportunity to amend the infrastructure replacement plan and extend it for additional periods.²¹ The Company states that the rider will be designed to be applied for a twelve-month period, and updated on an annual basis to true-up any over or under collection in the previous year and to reflect the projected expenditures in the upcoming year.²²

Virginia-American seeks approval of a Revenue Stability Mechanism ("RSM"), which would decouple Virginia-American's recovery of fixed costs from volumetric sales. Virginia-American asserts that under its present rate structure approximately 28% of its revenues are fixed, compared to 88% of its costs being fixed. The Company asserts this makes its ability to generate sufficient revenues to provide reliable service dependent on customer usage and weather patterns.²³

The Company states that the nature of its investments has shifted from plant needed for serving new customers to non-revenue producing infrastructure replacement and compliance with new drinking water standards.²⁴ The Company also states that it has seen a continued and persistent trend in declining usage per customer²⁵ and that this trend constitutes an average decline of 1,120 gallons per customer per year, or approximately 3.1 gallons per customer per day.²⁶ Virginia-American asserts that the decline in water sales is a potential disincentive to further investment in efficiency.²⁷

Virginia-American states that the implementation of the RSM will remove this disincentive to promote water efficiency and will support revenues for continued water efficiency investments.²⁸ The Company further asserts that the RSM will assure the collection of Virginia-American's base revenue requirement for fixed costs notwithstanding a declining per capita use of water service.²⁹

¹⁴ *Id.* at 7.

¹⁵ *Id.*

¹⁶ *Id.* at 8.

¹⁷ Pre-filed Testimony of Timothy Z. O'Brien at 6.

¹⁸ Pre-filed Testimony of Gary Akmentins at 31.

¹⁹ Application at 9.

²⁰ Pre-filed Testimony of Gary Akmentins at 36.

²¹ *Id.* at 35.

²² *Id.* at 36.

²³ Application at 10.

²⁴ Pre-filed Testimony of Rod Nevirauskas at 8.

²⁵ Application at 10.

²⁶ Pre-filed Testimony of Gregory Roach at 4.

²⁷ Application at 10.

²⁸ *Id.*

²⁹ *Id.*

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company should provide public 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 on the Application. The Company may, but is not required to, implement its proposed rates for service rendered on and after April 1, 2016, on an interim basis, subject to refund with interest.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUE-2015-00097.
- (2) Pursuant to § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure ("Rules of Practice"), *Procedure before hearing examiners*, 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 are suspended, pursuant to § 56-238 of the Code. The Applicant may, but is not obligated to, implement the proposed rates for service rendered on and after April 1, 2016, on an interim basis, subject to refund with interest.
- (4) A public hearing shall be convened on June 21, 2016, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments from members of the public and to receive evidence on the Application. Any person desiring to make a statement at the public hearing concerning the Application need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.
- (5) Copies of the Application, testimony, and schedules, as well as a copy of this Order for Notice and Hearing, may be obtained by submitting a written request to counsel for the Applicant, Lonnie D. Nunley, III, Esquire, and Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Applicant 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>.
- (6) On or before June 7, 2016, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. On or before June 14, 2016, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUE-2015-00097.
- (7) Any interested person may participate as a respondent in this proceeding by filing, on or before February 5, 2016, 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 (6). Anyone filing a notice of participation simultaneously shall serve a copy of the notice of participation on counsel for the Applicant at the address set out in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. Interested persons shall refer in all of their filed papers to Case No. PUE-2015-00097.
- (8) Within five (5) business days of receipt of a notice of participation as a respondent, the Applicant shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the Application, and all materials filed by the Applicant with the Commission, unless these materials already have been provided to the respondent.
- (9) On or before April 22, 2016, each respondent may file with the Clerk of the Commission and serve on the Staff, the Applicant, 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 (6). In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00097.
- (10) The Staff shall investigate the Application. On or before May 20, 2016, 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 Applicant and all respondents. Each Staff witness's testimony shall include a summary not to exceed one page.
- (11) On or before June 3, 2016, the Applicant shall file with the Clerk of the Commission any rebuttal testimony and exhibits that the Applicant 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 (6).
- (12) The Commission's Rule of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.
- (13) On or before January 8, 2016, the Applicant 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

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cities having alternate forms of government) in which the Applicant provides service. Service shall be made by first class mail to the customary place of business or residence of the person served.

(14) On or before January 8, 2016, the Applicant 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 Applicant's service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
 VIRGINIA-AMERICAN WATER COMPANY,
 FOR AN INCREASE IN RATES
CASE NO. PUE-2015-00097

On October 30, 2015, Virginia-American Water Company ("Virginia-American" or "Applicant" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application"). The Company filed supplementary materials for Schedules 16; 29, workpaper R-57; and 36, as requested by Commission Staff, on November 16, 2015. The Application was filed pursuant to Article 2 of Chapter 10 of Title 56 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. Exhibits and the prefiled testimony of William R. Walsh, Lauren S. Sufleta, Tim O'Brien, Gary Akmentins, Rob Nevirauskas, Greg Roach, Jo Anne Lontz, Patrick L. Baryenbruch, Paul Moul, and Paul R. Herbert were included with the Application.

The Company requests authority to increase rates for water service to produce an increase in water revenues of \$8.69 million. The proposed rate increase would constitute an 18.42% increase in the Company's water revenues and is based on a 10.75% return on common equity. 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 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).

The proposed rates for the Alexandria District are as follows:

RATE:

	Gallons Per <u>Month</u>	Rate Per <u>1,000 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.20300

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for potable water in the Hopewell District are as follows:

RATE:

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For the next	13,000	\$.87580
For the next	2,229,000	.62000
For the next	5,236,000	.36300
For the next	37,400,000	.14200
For all over	44,880,000	.19100

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00

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2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for the Prince William District are as follows:

RATE:

	Gallons Per Month	Rate Per 100 Gallons (minimum charge)
For the first	2,000	
For all over	2,000	\$.52990

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for the Prince William Wastewater District are as follows:

RATE:

	Gallons Per Month	Rate Per 100 Gallons (minimum charge)
For the first	2,000	
For all over	2,000	\$.6112

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month
5/8 inch	\$20.00
3/4 inch	30.00
1 inch	50.00
1 1/2 inch	100.00
2 inch	160.00
3 inch	300.00
4 inch	500.00

The proposed rates for the Eastern District are as follows:

RATE:

		Rate Per 100 Gallons
<u>Bi-monthly</u>		
For the first	4,000 gallons	\$109.56/ Minimum Charge
All over	4,000 gallons	\$11.9535
<u>Monthly</u>		
For the first	2,000 gallons	\$54.78/ Minimum Charge
All Over	2,000 gallons	\$1.45200

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Bi-monthly	Monthly
5/8 inch	\$109.56	\$54.78

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3/4	inch	109.56	54.78
1	inch	109.56	54.78
1 1/2	inch	109.56	54.78
2	inch	109.56	54.78
3	inch	109.56	54.78
4	inch	109.56	54.78
6	inch	109.56	54.78
8	inch	109.56	54.78

The Application states that Virginia-American has made significant capital investments in the four years since the filing of its last rate case, and at the same time water consumption per customer has continued to decline. Virginia-American asserts that it is not earning its allowed return on equity.

The Company asserts an intention to move gradually toward consolidated rates for providing water service across its operating Districts. The Application states that the centralized nature of Virginia-American's operation and the equivalent services provided to the customers in each district support the need to charge more uniform rates. The Company states that a gradual move to a single tariff rate for the same customer class is in the best interest of customers and will prevent Districts from experiencing significant changes in rates at one time.

In 2013, Virginia-American acquired Dale Service, has since merged Dale Service into the Company, and established its wastewater operations as the Prince William Wastewater District. The Company states that it wishes to establish new rates for the Prince William Wastewater District based on the rate base/rate of return methodology rather than the debt service coverage methodology previously used to set rates. In addition to consolidating customer service and other efforts, the Company also states its intention to combine bills for customers in the Prince William Water District and the Prince William Wastewater District. The Application states that as part of this transition, customers in the Prince William Wastewater District who are currently billed quarterly and in advance of receiving service will be billed monthly after receiving service. The Application also states that for customers with metered water service, the Company is proposing bills that reflect actual usage based on water consumption rather than the current flat rates based on general usage levels.

The Company asserts that it has made significant investments in the Prince William Wastewater District, which have resulted in significant benefits to those customers. The Company seeks recognition by the Commission of a ten year amortization of the acquisition costs of Dale Service in excess of rate base and inclusion in the rate base of the unamortized balance of that cost.

The Company proposes a number of changes to its Rules and Regulations, primarily involving the combination of the existing Rules and Regulations applicable to water service and those applicable to wastewater service. The Company states this will serve to reduce any potential customer confusion due to having multiple rules and regulations.

The Company also proposes the following additional changes to its Rules and Regulations: (1) a new section regarding controls on substances disposed of into the sewer system; (2) the addition of sewer collections system with a refund mechanism under the rule for extension of mains; (3) the ability to shut off water service if either the water or sewer bill is not paid and associated fees; (4) the customer's responsibility to maintain their sewer plumbing system for the performance of routine operation and maintenance work; and (5) new water system cross connection control language.

The Company seeks approval and implementation of an annual Water and Wastewater Infrastructure Service Charge ("WWISC") rider that would allow for the timely recovery of the costs of non-revenue producing investments, such as infrastructure replacement. The Application states that much of Virginia-American's infrastructure is approaching the end of its useful life. The Company asserts that it has made substantial investments in its infrastructure in the last few years, which necessitate the need for the increased rates proposed in this Application. Current investments in infrastructure have amounted to a 0.32% annual replacement rate. However, the Company states that these investments have yielded a lower than optimal replacement rate. The Application states that the industry's and Virginia-American's goal is to reach a replacement rate of approximately 1% a year.

The Company states that the WWISC, as proposed, would provide Virginia-American with the necessary financial support to accelerate infrastructure replacement without having to file for new base rates, while providing the Commission with a significant opportunity for review and approval. The Company asserts that this mechanism will help to ensure that customers are not subject to large rate increases and that the recovery of this needed investment occurs gradually.

Virginia-American asserts an expectation that the WWISC rider will not exceed 10% of a customer's bill. Virginia-American proposes an initial three-year WWISC program with the opportunity to amend the infrastructure replacement plan and extend it for additional periods. The Application states that the rider will be designed to be applied for a twelve-month period be and updated on an annual basis to true-up any over or under collection in the previous year and to reflect the projected expenditures in the upcoming year.

Virginia-American seeks approval of a Revenue Stability Mechanism ("RSM") which would decouple Virginia-American's recovery of fixed costs from volumetric sales. Virginia-American asserts that

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under its present rate structure approximately 28% of its revenues are fixed, compared to 88% of its costs being fixed. The Company asserts this makes its ability to generate sufficient revenues to provide reliable service dependent on customer usage and weather patterns.

The Company states that the nature of its investments has shifted from plant needed for serving new customers to non-revenue producing infrastructure replacement and compliance with new drinking water standards. The Company also states that it has seen a continued and persistent trend in declining usage per customer and that this trend constitutes an average decline of 1,120 gallons per customer per year, or approximately 3.1 gallons per customer per day. Virginia-American asserts that the decline in water sales is a potential disincentive to further investment in efficiency.

Virginia-American states that the implementation of the RSM will remove this disincentive to promote water efficiency and will support revenues for continued water efficiency investments. The Company further asserts that the RSM will assure the collection of Virginia-American's base revenue requirement for fixed costs notwithstanding a declining per capita use of water service.

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 Virginia-American's proposed rates pursuant to § 56-238 of the Code. The Applicant may, but is not obligated to, implement the proposed rates for service rendered on and after April 1, 2016, on an interim basis, subject to refund with interest.

The Commission entered an Order for Notice and Hearing that, among other things, has scheduled a public hearing to commence at 10 a.m. on June 21, 2016, 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 at the address set forth above prior to 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

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 Applicant, Lonnie D. Nunley, III, Esquire, and Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Applicant 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 February 5, 2016, 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 Applicant at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2015-00097.

On or before April 22, 2016, each respondent may file with the Clerk of the Commission and serve on the Staff, the Applicant, 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. PUE-2015-00097.

On or before June 14, 2016, any interested person may file with the Clerk of the Commission at the address set forth above, written comments on the Application. On or before June 7, 2016, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUE-2015-00097.

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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.

VIRGINIA-AMERICAN WATER COMPANY

(15) On or before January 8, 2016, Virginia-American shall furnish direct mail notice to its industrial customers in the Hopewell District that purchase non-potable water, advising those customers of the proposed rate increases reflected on pages 4 and 5 of Schedule 41 of the Application.

(16) On or before February 5, 2016, the Applicant 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.

(17) This matter is continued generally.

**CASE NO. PUE-2015-00097
DECEMBER 9, 2015**

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

CORRECTING ORDER

On October 30, 2015, Virginia-American Water Company ("Virginia-American", "Applicant" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water rates ("Application").

On November 30, 2015, the Commission issued an Order for Notice and Hearing ("Order") in this proceeding. The first sentence of Ordering Paragraph (6) of the Order states: "On or before June 7, 2016, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118." Instead, Ordering Paragraph (6) should have directed public comments to be filed on or before June 14, 2016.

Further, Ordering Paragraph (14) of the Order requires Virginia-American to publish notice in newspapers of general circulation throughout its service territory. This notice contains a similar error to the date for the filing of public comments that is described above as well as inadvertent errors and omissions to the rate tables and the information on proposed rates for the Alexandria District, Hopewell District, Prince William Wastewater District, and Eastern District.

Accordingly, IT IS ORDERED THAT:

(1) The first sentence of Ordering Paragraph (6) of the Commission's November 30, 2015 Order for Notice and Hearing is hereby amended to state the following: "On or before June 14, 2016, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118."

(2) The notice provision set forth in Ordering Paragraph (14) of the November 30, 2015 Order for Notice and Hearing is corrected and amended to read as follows:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA-AMERICAN WATER COMPANY,
FOR AN INCREASE IN RATES
CASE NO. PUE-2015-00097

On October 30, 2015, Virginia-American Water Company ("Virginia-American" or "Applicant" or "Company") filed an application with the State Corporation Commission ("Commission") for an increase in water and wastewater rates ("Application"). The Company filed supplementary materials for Schedules 16; 29, workpaper R-57; and 36, as requested by Commission Staff, on November 16, 2015. The Application was filed pursuant to Article 2 of Chapter 10 of Title 56 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. Exhibits and the prefiled testimony of William R. Walsh, Lauren S. Sufleta, Tim O'Brien, Gary Akmentins, Rod Nevirauskas, Greg Roach, Jo Anne Lontz, Patrick L. Baryenbruch, Paul Moul, and Paul R. Herbert were included with the Application.

The Company requests authority to increase rates for water and wastewater service to produce an increase in revenues of \$8.69 million. The proposed rate increase would constitute an 18.42% increase in the Company's revenues and is based on a 10.75% return on common equity. 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 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).

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The proposed rates for the Alexandria District are as follows:

<u>RATE:</u>	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.20300

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for potable water in the Hopewell District are as follows:

<u>RATE:</u>	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	\$.87580
For the next	13,000	.62000
For the next	2,229,000	.36300
For the next	5,236,000	.14200
For the next	37,400,000	.19100
For all over	44,880,000	

The proposed rates for non-potable water service for customers with potable and non-potable annual consumption averages greater than or equal to 3 million gallons per day in the Hopewell District are as follows:

<u>RATE:</u>	Gallons Per <u>Month (Hundreds)</u>	Rate Per <u>100 Gallons</u>
For the first	74,800	\$.20560
For the next	2,169,200	.13780
For all over	2,244,000	.15180

The proposed rates for non-potable water service for customers with potable and non-potable annual consumption averages less than 3 million gallons per day in the Hopewell District are as follows:

<u>RATE:</u>	Gallons Per <u>Month (Hundreds)</u>	Rate Per <u>100 Gallons</u>
For the first	74,800	\$.28230
For the next	149,600	.24180
For all over	224,400	.13430

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	<u>Minimum Charge</u> <u>Per Month</u>
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00
10 inch	1,650.00
12 inch	3,225.00

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

The proposed rates for the Prince William District are as follows:

RATE:

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.52990

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	Minimum Charge <u>Per Month</u>
5/8 inch	\$15.00
3/4 inch	22.50
1 inch	37.50
1 1/2 inch	75.00
2 inch	120.00
3 inch	225.00
4 inch	375.00
6 inch	750.00
8 inch	1,200.00

The proposed rates for the Prince William Wastewater District are as follows:

METERED RATE:

Wastewater service for all metered water customers of Virginia-American, based on water usage.

	Gallons Per <u>Month</u>	Rate Per <u>100 Gallons</u> (minimum charge)
For the first	2,000	
For all over	2,000	\$.6112

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>	Minimum Charge <u>Per Month</u>
5/8 inch	\$20.00
3/4 inch	30.00
1 inch	50.00
1 1/2 inch	100.00
2 inch	160.00
3 inch	300.00
4 inch	500.00

UNMETERED RATE:

Flat rate fee for customers not metered for water consumption by Virginia-American.

Per Connection \$38.61 per month

The proposed rates for the Eastern District are as follows:

RATE:

		Rate Per <u>100 Gallons</u>
<u>Bi-monthly</u>		
For the first	4,000 gallons	\$109.56/ Minimum Charge
All over	4,000 gallons	\$1.45200
<u>Monthly</u>		
For the first	2,000 gallons	\$54.78/ Minimum Charge
All Over	2,000 gallons	\$1.45200

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MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

<u>Size of Meter</u>		<u>Bi-monthly</u>	<u>Monthly</u>
5/8	inch	\$109.56	\$54.78
3/4	inch	109.56	54.78
1	inch	109.56	54.78
1 1/2	inch	109.56	54.78
2	inch	109.56	54.78
3	inch	109.56	54.78
4	inch	109.56	54.78
6	inch	109.56	54.78
8	inch	109.56	54.78

In addition, the Applicant proposes to eliminate the Seasonal Base Charge in the Eastern District for service availability that previously applied to seasonal customers that are disconnected from the system.

The Application states that Virginia-American has made significant capital investments in the four years since the filing of its last rate case, and at the same time water consumption per customer has continued to decline. Virginia-American asserts that it is not earning its allowed return on equity.

The Company asserts an intention to move gradually toward consolidated rates for providing water service across its operating Districts. The Application states that the centralized nature of Virginia-American's operation and the equivalent services provided to the customers in each district support the need to charge more uniform rates. The Company states that a gradual move to a single tariff rate for the same customer class is in the best interest of customers and will prevent Districts from experiencing significant changes in rates at one time.

In 2013, Virginia-American acquired Dale Service, has since merged Dale Service into the Company, and established its wastewater operations as the Prince William Wastewater District. The Company states that it wishes to establish new rates for the Prince William Wastewater District based on the rate base/rate of return methodology rather than the debt service coverage methodology previously used to set rates. In addition to consolidating customer service and other efforts, the Company also states its intention to combine bills for customers in the Prince William Water District and the Prince William Wastewater District. The Application states that as part of this transition, customers in the Prince William Wastewater District who are currently billed quarterly and in advance of receiving service will be billed monthly after receiving service. The Application also states that for customers with metered water service, the Company is proposing bills that reflect actual usage based on water consumption rather than the current flat rates based on general usage levels.

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The Company proposes a number of changes to its Rules and Regulations, primarily involving the combination of the existing Rules and Regulations applicable to water service and those applicable to wastewater service. The Company states this will serve to reduce any potential customer confusion due to having multiple rules and regulations.

The Company also proposes the following additional changes to its Rules and Regulations: (1) a new section regarding controls on substances disposed of into the sewer system; (2) the addition of sewer collections system with a refund mechanism under the rule for extension of mains; (3) the ability to shut off water service if either the water or sewer bill is not paid and associated fees; (4) the customer's responsibility to maintain their sewer plumbing system for the performance of routine operation and maintenance work; and (5) new water system cross connection control language.

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ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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Virginia-American states that the implementation of the RSM will remove this disincentive to promote water efficiency and will support revenues for continued water efficiency investments. The Company further asserts that the RSM will assure the collection of Virginia-American's base revenue requirement for fixed costs notwithstanding a declining per capita use of water service.

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The Commission entered an Order for Notice and Hearing that, among other things, has scheduled a public hearing to commence at 10 a.m. on June 21, 2016, 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 at the address set forth above prior to 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

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 Applicant, Lonnie D. Nunley, III, Esquire, and Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Applicant 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.sec.virginia.gov/case>.

Any interested person may participate as a respondent in this proceeding by filing, on or before February 5, 2016, 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 Applicant at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2015-00097.

On or before April 22, 2016, each respondent may file with the Clerk of the Commission and serve on the Staff, the Applicant, 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. PUE-2015-00097.

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On or before June 14, 2016, any interested person may file with the Clerk of the Commission at the address set forth above, written comments on the Application. On or before June 14, 2016, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All correspondence shall refer to Case No. PUE-2015-00097.

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.

VIRGINIA-AMERICAN WATER COMPANY

- (3) All other provisions of the November 30, 2015 Order for Notice and Hearing shall remain in full force and effect.
- (4) This matter is continued generally.

**CASE NO. PUE-2015-00098
NOVEMBER 20, 2015**

APPLICATION OF
BARC ELECTRIC COOPERATIVE
AND
RELIABLE ENERGY, LLC

For approval of an affiliate agreement

ORDER GRANTING APPROVAL

On August 28, 2015, BARC Electric Cooperative ("BARC") and Reliable Energy, LLC ("Reliable Energy") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of an affiliate agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").¹

The Applicants seek approval for BARC to enter into a five-year right-of-way ("ROW") Services Agreement with Reliable Energy pursuant to which Reliable Energy will begin providing ROW maintenance services to BARC ("ROW Services Agreement"). According to the Application, Reliable Energy will provide tree-trimming, brush hogging, and herbicide spraying services. The Applicants represent that Reliable Energy will bill BARC on a monthly basis for services rendered, and that the billing rates will reflect Reliable Energy's expected costs plus a 10% margin to recoup any costs not included in the hourly rates. The Applicants state that the margin will be recalculated on an annual basis to insure its reasonableness.

BARC has previously obtained ROW maintenance services from unaffiliated contractors. According to the Application, BARC now seeks to obtain ROW maintenance services from Reliable Energy because BARC expects to realize significant cost savings.

The Applicants also filed a Motion for Protective Order ("Motion") to prevent public disclosure of the confidential information in the Application and in any responses to requests for data from the Commission's Staff ("Staff"), in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the ROW Services Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix to Staff's Action Brief filed contemporaneously with this Order. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.²

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the ROW Services Agreement as described herein subject to the requirements set forth in the Appendix attached to this Order.
- (2) The Applicants' Motion is denied as moot.
- (3) This case is dismissed.

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

¹ Va. Code § 56-76 *et seq.*

² The Commission held the Applicants' Motion in abeyance and did not receive a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot.

**CASE NO. PUE-2015-00099
NOVEMBER 19, 2015**

APPLICATION OF
TWIN EAGLE RESOURCE MANAGEMENT, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER GRANTING LICENSE

On September 3, 2015, Twin Eagle Resource Management, LLC ("Twin Eagle" 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") pursuant to the Commission's Rules Governing Retail Access to Competitive Energy Services, 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").¹ In its Application, the Company seeks authority to serve commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.² The Company attested that it would abide by all applicable Commission regulations as required under the Retail Access Rules.

On September 17, 2015, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Twin Eagle to provide notice to 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 report ("Staff Report"); and provided an opportunity for participants to file reply comments to the Staff Report. The Company filed proof of notice on October 16, 2015.³ No one filed comments on the Application.

On October 15, 2015, the Staff filed its Staff Report which summarized Twin Eagle's Application and evaluated its financial condition and technical fitness. Staff recommended that the Commission grant the Company a license to conduct business as a competitive service provider of natural gas to commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Twin Eagle meets the requirements for a license to conduct business as a competitive service provider of natural gas, and such license should be granted, subject to the conditions set forth below.

Accordingly, IT IS ORDERED THAT:

- (1) Twin Eagle hereby is granted License No. G-48 to conduct business as a competitive service provider of natural gas to 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.

¹ On October 13, 2015, Twin Eagle filed a supplement to its Application, completing the Application for purposes of § 56-235.8 F 1 of the Code of Virginia.

² Although Twin Eagle seeks to serve commercial, industrial, and governmental customers throughout the Commonwealth of Virginia, retail choice exists only as set forth in the Code. Furthermore, retail choice for natural gas customers currently 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.

³ On October 9, 2015, the Company filed a motion to extend the procedural schedule because it inadvertently overlooked the deadline for the service of notice. The Commission granted the motion on October 13, 2015.

**CASE NO. PUE-2015-00101
OCTOBER 9, 2015**

APPLICATION OF
COMMUNITY ELECTRIC COOPERATIVE

For authority to incur indebtedness

ORDER GRANTING AUTHORITY

On September 15, 2015, Community Electric Cooperative ("Community" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow \$11,200,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") through its PowerVision loan program. Community has paid the requisite fee of \$250.

Community is seeking authority to borrow \$11,200,000 from CFC to fund its capital budget over the next five years. The loan will be secured and each note drawn under the loan agreement will have a 35 year maturity. The notes may have a variable or fixed interest rate depending on market conditions at the time of each drawdown. The interest rate on each advance will be determined based on market conditions at the time of advance. At the time the application was prepared, the 35-year fixed rate was 4.29%.

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) Community is authorized to incur up to \$11,200,000 in debt obligations with CFC, under the terms and conditions and for the purposes stated in its application.
- (2) Within thirty (30) days of the date of any advance of funds from CFC, the Cooperative shall file with the Commission's Division of Utility Accounting and Finance a report of action, which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00105
OCTOBER 22, 2015**

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to refinance long-term debt

ORDER GRANTING AUTHORITY

On September 30, 2015, Mecklenburg Electric Cooperative ("Mecklenburg" or "Cooperative") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia for authority to borrow up to \$15.5 million in one or more new notes ("New Notes") from the National Rural Utilities Cooperative Finance Corporation ("CFC"). Mecklenburg has paid the requisite fee of \$250.

Mecklenburg seeks authority to borrow up to \$15.5 million from CFC to retire, prior to maturity, approximately \$15.5 million of outstanding notes with the Rural Utilities Services ("RUS"). There are no prepayment penalties associated with the early retirement of the RUS debt which carry interest rates ranging from 4.37% to 5.07%. The effective interest rate on the New Notes will be at a fixed rate of 3.73%. The New Notes will have a 21-year maturity, and interest and principal payments will be made quarterly. According to the application, Mecklenburg expects to save approximately \$4.2 million of interest expense over the term of the New Notes.

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) Mecklenburg is authorized to incur up to \$15.5 million in New Notes 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) There appearing nothing further to be done in this matter, it hereby is dismissed.

**CASE NO. PUE-2015-00106
OCTOBER 22, 2015**

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to implement a universal shelf registration for senior debt securities and common stock and financial derivative instruments in connection with future issuances of securities

ORDER GRANTING AUTHORITY

On September 30, 2015, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the State Corporation Commission ("Commission") under Chapter 3 of Title 56¹ of the Code of Virginia ("Code") requesting authority to implement a universal shelf registration ("New Shelf") and authority to enter into financial derivative instruments in connection with future issuances of securities. Applicant seeks authority to issue a combination

¹ Code § 56-55 *et seq.*

of senior debt securities and common stock from time to time between April 1, 2016, through March 31, 2019, up to a maximum of \$2.50 billion. Applicant paid the requisite fee of \$250.

Net proceeds from the proposed securities issuances may be used to pay down short-term debt; refinance maturing debt, including any required prepayment premiums; refund additional debt as market conditions permit; purchase, acquire and/or construct additional properties and facilities; improve Atmos's existing facilities; and provide for general corporate purposes. Terms and conditions for the debt securities will be determined based on market conditions at the time of issuance.

According to Atmos, existing authority with the Securities and Exchange Commission ("SEC") to issue up to \$1.75 billion² under a previous universal shelf registration is set to expire on March 31, 2016. In Case No. PUE-2013-00028, Atmos received authority to enter into financial hedging transactions on future debt issuances³, which is set to expire on March 31, 2016. Atmos intends to file a New Shelf with the SEC for authority to issue up to \$2.50 billion in debt and equity securities in March of 2016, once all state regulatory approvals are received.

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 senior debt securities and/or common stock up to a maximum of \$2.50 billion from April 1, 2016, through March 31, 2019, under the terms and conditions and for the purposes set forth in the application.

(2) Atmos is hereby authorized to enter into Swap Transactions from April 1, 2016, through March 31, 2019, under the terms and conditions and for the purposes set forth in the application.

(3) Atmos shall submit a report of action directly with the Commission's Division of Utility Accounting and Finance within ten (10) days after the execution of any Swap Transaction which shall include the date, the type of Swap Transaction, the notional amount of the securities hedged, any fixed or floating interest rate or index selected, and the anticipated maturity date of the Swap Transaction.

(4) Atmos shall submit a report of action within ten (10) days after the issuance of any securities pursuant to Ordering Paragraph (1), which shall include as applicable the date issued or sold, the type of security, the face amount of debt issued, the interest rate, the maturity date, the yield to maturity on a U. S. Treasury security of comparable maturity, the market price and number of shares sold, and the net proceeds received by Atmos.

(5) On or before February 28, 2017, February 28, 2018, and February 28, 2019, Atmos shall file with the Commission a detailed report of action with respect to all securities issued and sold during the previous calendar year, which includes:

- (a) the sale or issuance date, the type of security, the amount issued indicated by face amount or number of shares at price sold, the interest rate, the date of maturity, the underwriters' names, the underwriters' fees, other issuance expenses realized to date, and the net proceeds to Atmos; and
- (b) the cumulative principal amount of securities issued under the authority granted herein and the amount remaining to be issued.

(6) Atmos shall file a final report of action on or before July 31, 2019, which includes all information required in Ordering Paragraph (5), a detailed account of all the actual expenses and fees paid to date for each type of security issued, and a summary schedule for each hedging transaction that has been executed or unwound during the authorization period of this case.

(7) Atmos shall notify the Commission's Division of Utility Accounting and Finance within ten (10) days from the date Atmos' New Shelf with the Securities and Exchange Commission becomes effective.

(8) Approval of this application shall have no implications for ratemaking purposes.

(9) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

² *Application of Atmos Energy Corporation, For authority to implement a universal shelf registration*, Case No. PUE-2012-00140, 2013 S.C.C. Ann. Rept. 340, Order Granting Authority (Jan. 30, 2013).

³ *Application of Atmos Energy Corporation, For approval of and authority to enter into financial derivative instruments in connection with future issuances of securities*, Case No. PUE-2013-00028, 2013 S.C.C. Ann. Rept. 390, Order Granting Authority (May 15, 2013).

**CASE NO. PUE-2015-00109
OCTOBER 19, 2015**

PETITION OF
WILLIAM C. BARNHARDT

For a declaratory judgment and injunctive relief

ORDER

On October 9, 2015, William C. Barnhardt ("Petitioner"), by counsel, filed with the State Corporation Commission ("Commission") a Petition for Declaratory Judgment, Injunctive Relief and Request for Expedited Action ("Petition").¹ In his Petition, the Petitioner asserts, among other things, that: (1) Dominion Virginia Power ("Dominion" or "Company") plans to begin construction as early as October 15, 2015, on electric transmission lines that would replace existing lines located in Lancaster and Middlesex Counties;² (2) Dominion's planned construction would have a substantial impact on, among others, the Petitioner, who owns Willaby's Restaurant, which is located in White Stone, Virginia, near the existing and planned transmission lines;³ (3) the transmission lines planned by Dominion would, either in their proposed state or after very slight modification, be capable of carrying 230 kilovolts;⁴ (4) Dominion is prohibited by §§ 56-46.1 and 56-265.2 of the Code of Virginia ("Code") from beginning its planned construction unless and until the Commission reviews and approves its plan;⁵ and (5) Dominion has not requested, nor has the Commission granted, approval of the Company's planned transmission construction.⁶

The Petitioner requests that the Commission: (1) enter an immediate cease and desist order to Dominion barring it from beginning any work to construct the planned transmission lines during the pendency of this proceeding; (2) enter a declaratory judgment that Dominion's planned construction must be reviewed by the Commission in accordance with § 56-46.1 of the Code; and (3) order such other relief as the Commission may deem appropriate.

On October 13, 2015, the Commission issued an Order Docketing Petition directing that: (i) on or before October 15, 2015, the Company shall file an answer or other responsive pleading addressing the Petition's request for an immediate cease and desist order barring the Company, during the pendency of this proceeding, from beginning any work to construct the planned transmission lines identified in the Petition; and (ii) on or before October 23, 2015, the Company shall file an answer or other responsive pleading containing, in narrative form, (a) a response to each allegation of the petition and (b) a statement of each affirmative defense asserted by the Company.

On October 15, 2015, the Company filed an Answer and Motion to Dismiss. On October 16, 2015, the Commission issued an Order Scheduling Hearing, which scheduled a hearing for October 19, 2015, to consider Petitioner's request that the Commission enter an immediate cease and desist order to Dominion barring it from beginning any work to construct the planned transmission lines during the pendency of this proceeding. On October 19, 2015, the hearing was held as scheduled, in which the Petitioner, Dominion, and the Commission's Staff ("Staff") participated.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

First, the Commission preliminarily enjoins Dominion from constructing the proposed transmission line pending further order of the Commission determining whether a certificate of public convenience and necessity ("CPCN") is required therefor. In reviewing the need for this temporary injunction, the Commission has found instructive the four factors set forth by the United States Supreme Court for obtaining a preliminary injunction: "A plaintiff seeking a preliminary injunction must establish [1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest."⁷ For example, a temporary injunction is supported by, among other things: the likelihood that the proposed line will require a CPCN; the harm associated with constructing facilities that are designed to be permanent in the Rappahannock River; the potential cost and harm if the line is constructed and then must be removed and/or altered; costs associated with immediately commencing construction could be borne by customers and the public; the public's interest in having such construction approved (if necessary) prior to commencement; and Dominion apparently has been aware of the alleged need for this proposed line for well over a year.

Second, the Commission herein schedules additional, expedited proceedings to determine if the preliminary injunction should be made permanent until such time as Dominion obtains a CPCN. These additional proceedings will among other things be held to determine whether, under Virginia statutes,

¹ The Petition includes attachments that include an affidavit.

² Petition at 1-3.

³ *Id.* at 1, 2. The Petition also indicates that the Petitioner is a resident of Lancaster County and a Dominion ratepayer. *Id.* at 1.

⁴ *Id.* at 2, 4.

⁵ *Id.* at 3-5.

⁶ *Id.* at 5.

⁷ *Winter v. Natural Resources Defense Council, Inc.*, 129 S.Ct. 365, 374 (2008) (citations omitted). The Commission notes that Circuit Courts in Virginia have applied these four criteria in reviewing requests for a temporary injunction. See, e.g., *Fame v. Allergy & Immunology, PLC*, Va. Cir. No. CL15-1099, 2015 WL 4755569 (Roanoke City 2015) ("As the United States Supreme Court has held, 'A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.'"); *K&K of Va., L.L.C. v. Brinkley*, 87 Va. Cir. 4 (Norfolk 2013) ("Although there are no Virginia Supreme Court cases on point, the United States Supreme Court has articulated what factors must be shown to establish the plaintiff's equity and allow the granting of a temporary injunction. 'A plaintiff seeking a preliminary injunction must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest.'").

the proposed line (a) is an electrical transmission line for which the Code mandates a CPCN, and/or (b) is not an ordinary extension or improvement in the usual course of business.⁸

Finally, the pleadings previously scheduled to be filed in this matter (e.g., Dominion's October 23, 2015 responsive pleading and the responses and reply to Dominion's Motion to Dismiss) are hereby suspended in lieu of the proceedings set forth below.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is enjoined from constructing the proposed transmission line pending further order of the Commission determining whether a CPCN is required therefor.

(2) An evidentiary hearing shall be convened on November 17, 2015, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive evidence from the Petitioner, Dominion, and Staff.

(3) On or before November 5, 2015, Petitioner, Dominion, and Staff may each file with the Clerk of the Commission and serve on the other participants (i) a legal brief, and (ii) testimony and exhibits, addressing whether the proposed transmission line requires a CPCN, and (a) is an electrical transmission line for which the Code mandates a CPCN and/or (b) is not an ordinary extension or improvement in the usual course of business. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), a Hearing Examiner is appointed to rule on discovery matters that arise during this proceeding.

(5) The Commission's Rules of Practice, 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: answers to interrogatories and requests for production of documents shall be served within three (3) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

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

⁸ See Code §§ 56-46.1 and 56-265.2. Accordingly, the additional proceedings scheduled herein will not address whether a CPCN should, or should not, be issued.

**CASE NO. PUE-2015-00109
DECEMBER 11, 2015**

PETITION OF
WILLIAM C. BARNHARDT

For a declaratory judgment and injunctive relief

FINAL ORDER

On October 9, 2015, William C. Barnhardt ("Petitioner" or "Barnhardt"), by counsel, filed with the State Corporation Commission ("Commission") a Petition for Declaratory Judgment, Injunctive Relief and Request for Expedited Action ("Petition").¹ Barnhardt asks the Commission to find that Dominion Virginia Power ("Dominion" or "Company") is required to obtain Commission approval before constructing a proposed high-voltage transmission project across the Rappahannock River in Lancaster and Middlesex Counties.² Barnhardt asserts, among other things, that: (1) Dominion planned to begin construction as early as October 15, 2015, on electric transmission lines that would replace existing lines across the Rappahannock River in Lancaster and Middlesex Counties; (2) Dominion's planned construction would have a substantial impact on, among others, the Petitioner, who owns Willaby's Restaurant, which is located in White Stone, Virginia, near the existing and planned transmission lines; (3) the transmission lines planned by Dominion would, either in their proposed state or after very slight modification, be capable of carrying 230 kilovolts ("kV"); (4) Dominion is prohibited by §§ 56-46.1 and 56-265.2 of the Code of Virginia ("Code") from beginning its planned construction unless and until the Commission reviews and approves its plan; and (5) Dominion has not requested, nor has the Commission granted, approval of the Company's planned transmission construction.³

Barnhardt requests that the Commission: (1) enter an immediate cease and desist order to Dominion barring it from beginning any work to construct the planned transmission lines during the pendency of this proceeding; (2) enter a declaratory judgment that Dominion's planned construction must be reviewed by the Commission in accordance with § 56-46.1 of the Code; and (3) order such other relief as the Commission may deem appropriate.⁴

¹ The Petition includes, among other things, an attached affidavit.

² Petition at 1.

³ *Id.* at 1-5. The Petition also indicates that the Petitioner is a resident of Lancaster County and a Dominion ratepayer. *Id.* at 1.

⁴ *Id.* at 6.

On October 13, 2015, the Commission issued an Order Docketing Petition. On October 15, 2015, the Company filed an Answer and Motion to Dismiss. On October 16, 2015, the Commission issued an Order Scheduling Hearing, which scheduled a hearing for October 19, 2015, to consider Petitioner's request that the Commission enter an immediate cease and desist order to Dominion barring it from beginning any work to construct the planned transmission lines during the pendency of this proceeding.

On October 19, 2015, the hearing was held as scheduled, in which Barnhardt, Dominion, and the Commission's Staff ("Staff") participated. On October 19, 2015, the Commission issued an Order that (1) preliminarily enjoined Dominion from constructing the proposed transmission line pending further order of the Commission determining whether a certificate of public convenience and necessity ("CPCN") is required therefor, and (2) scheduled additional, expedited proceedings (including an evidentiary hearing) to determine if the preliminary injunction should be made permanent until such time as Dominion obtains a CPCN. In accordance therewith, on November 5, 2015, Petitioner, Dominion, and Staff filed legal briefs and testimony.

On November 17, 2015, an evidentiary hearing was held as scheduled, in which Barnhardt, Dominion, the County of Lancaster, Virginia ("Lancaster County"), and Staff participated.⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the preliminary injunction issued in this proceeding on October 19, 2015, is hereby made permanent until such time as Dominion obtains approval from the Commission for such construction.

Code of Virginia

The following Code sections, among others, apply to electric transmission facilities:

§ 56-46.1 A. 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.

§ 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, as indicated on the map or sketch of the route filed with the Commission, which requirement shall be satisfied by mailing the notice to such persons at such addresses as are indicated in the land books maintained by the commissioner of revenue, director of finance or treasurer of the county or municipality, approve such line. Such notices shall include a written description of the proposed route the line is to follow, as well as a map or sketch of the route including a digital geographic information system (GIS) map provided by the public utility showing the location of the proposed route. The Commission shall make GIS maps provided under this subsection available to the public on the Commission's website. Such notices shall be in addition to the advance notice to the chief administrative officer of the county or municipality required pursuant to § 15.2-2202. 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.

§ 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.

⁵ On November 13, 2015, the Commission issued an order granting Lancaster County's Motion to Participate in this proceeding.

§ 56-265.2 A.2. For construction of any transmission line of 138 kilovolts, a public utility shall either (i) obtain a certificate pursuant to subdivision 1 or (ii) obtain approval pursuant to the requirements of (a) § 15.2-2232 and (b) any applicable local zoning ordinances by the locality or localities in which the transmission line will be located.

Code § 56-265.2 A

Code § 56-265.2 A.1 applies to all public utilities (*i.e.*, not only electric utilities) and makes it "unlawful for any public utility to construct, enlarge or acquire . . . any facilities for use in public utility service" without first obtaining a CPCN from the Commission. This is an express prohibition applied to all public utilities. This is also a broad statutory grant of authority that explicitly gives the Commission the discretion to grant or deny *any* electric utility's plans to construct, enlarge or acquire *any* facilities for use in public utility service.

Code § 56-265.2 A.1 also contains express limitations on this statutory grant of authority: (1) public utilities do not need a CPCN from the Commission to "construct, enlarge or acquire . . . any facilities for use in public utility service" if such are "ordinary extensions or improvements in the usual course of business";⁶ (2) the Commission may only grant a CPCN "after opportunity for a hearing and after due notice to interested parties"; and (3) "for overhead electrical transmission lines of 138 kilovolts or more," the Commission may only grant a CPCN "after compliance with the provisions of § 56-46.1."

Further, the opening phrase of Code § 56-265.2 A.1 states that it is "Subject to the provisions of subdivision 2," which creates an additional limitation on the Commission's authority therein. Specifically, "subdivision 2" of Code § 56-265.2 A gives an electric utility the choice – prior to constructing transmission lines of exactly 138 kV – to obtain either (i) a CPCN from the Commission, or (ii) approval by the locality or localities in which the transmission line will be located. Thus, if an electric utility obtains local approval of a 138 kV transmission line, then the Commission does not have the authority to prohibit such construction under Code § 56-265.2 A.1.

Dominion argues that the statutory scheme puts in place a *per se* rule that any transmission line under 138 kV is exempt from any legal requirement to obtain a CPCN from the Commission.⁷ Regardless of the merits of such a rule for the prompt and efficient replacement or construction of small transmission or distribution lines, the plain meaning of the applicable statutes simply does not create such a "safe harbor" for lines of less than 138 kV. The General Assembly could have created such a statutory scheme, but it has not.

In sum, Code § 56-265.2 A contains specific, express limitations on the Commission's discretionary authority to issue a CPCN. There is not, however, an express limitation therein for transmission facilities below any particular voltage threshold. That is, for purposes of the instant proceeding, the plain language of Code § 56-265.2 A does not remove Dominion's planned transmission facilities from the Commission's CPCN authority therein. As a result, and as further discussed below, Dominion must obtain a CPCN unless the Commission determines that the Company's proposed transmission facilities in this case are "ordinary extensions or improvements in the usual course of business" under Code § 56-265.2 A.1.

Code § 56-46.1

Code § 56-46.1 establishes specific requirements attendant to the Commission's approval of electric utility facilities, including transmission lines. For example, Code § 56-46.1 A states that whenever the Commission is required to approve the construction of any electrical utility facility (*i.e.*, not just transmission lines), we must establish conditions as may be desirable or necessary to minimize adverse environmental impact.

Code § 56-46.1 B applies only to transmission lines and states that "[s]ubject to the provisions of subsection J, no electrical transmission line of 138 kilovolts or more shall be constructed unless the State Corporation Commission" takes certain actions and makes specific findings. In turn, "subsection J" specifies that "[a]pproval 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." Thus, "subsection J" represents an express limitation on the Commission's authority under Code § 56-46.1 B. Nothing in the plain language of Code § 56-46.1, however, limits the Commission's discretionary CPCN authority under Code § 56-265.2 A.1. To the contrary, the "subsection J" limitation above recognizes that CPCN requirements are governed by Code § 56-265.2, not Code § 56-46.1.

Statutory Implementation

Dominion also raises concerns regarding the practical implementation of the above statutes. The plain language of Code §§ 56-265.2 and 56-46.1, however, is not inconsistent or incapable of operation.⁸ As discussed above, these statutes delegate authority to the Commission, and the limitations on the Commission's discretionary authority are clearly expressed in the language of those statutes.

Contrary to Dominion's assertion, these statutes also do not create a conflict between local authority and that of the Commission. Under the statutory plain language: (a) for lines greater than 138 kV, Commission approval is required under Code § 56-46.1, and such approval preempts local authority;⁹ (b) for 138 kV lines, the electric utility (at its choice) must obtain approval from either the locality or the Commission, but not both;¹⁰ and (c) for lines less than 138 kV, both the locality and the Commission have approval authority.¹¹ This statutory scheme does not create a jurisdictional conflict for

⁶ Under this express limitation, the Commission has the authority and the obligation to determine whether particular public utility facilities are "ordinary extensions or improvements in the usual course of business." No party asserted otherwise.

⁷ See, *e.g.*, Tr. 26 (Nov. 17, 2015).

⁸ See, *e.g.*, *Covel v. Town of Vienna*, 280 Va. 151, 158, 694 S.E.2d, 609, 613 (2010) ("An absurd result describes situations in which the law would be internally inconsistent or otherwise incapable of operation.") (internal quotes and citations omitted).

⁹ See Code §§ 56-46.1 B and F.

¹⁰ See Code §§ 56-265.2 A.2 and 56-46.1 J.

lines less than 138 kV. Indeed, such concurrent statutory authority is not unique to transmission lines less than 138 kV; for example, the Commission and localities also share jurisdiction over the construction of generation facilities¹² and transmission switching stations.¹³

Code § 56-265.2 A.1 requires a CPCN from the Commission unless the public utility facilities are "ordinary extensions or improvements in the usual course of business." This standard is not limited to electric facilities and necessarily requires a case-by-case determination of whether particular facilities fall within this exception. This is simply the nature of the statute, which the Commission is obligated to implement. If public utilities or other interested persons seek to determine whether specific facilities are "ordinary extensions or improvements in the usual course of business," the Commission's Rules of Practice and Procedure ("Rules") permit the initiation of both formal and informal actions to address such questions. Indeed, in fulfilling its duties under this statute, the Commission has determined on a case-by-case basis whether specific facilities, including transmission line rebuilds, are ordinary extensions or improvements in the usual course of business.¹⁴ The Commission is obligated to implement the case-by-case requirements of the Code and will continue to do so.

Dominion argues that the uncertainty of case-by-case requirements could create the need for seeking CPCNs for all smaller lines, including even neighborhood distribution lines.¹⁵ It is the statute, however, that creates the unavoidable need for factually intensive, case-by-case determinations. Such fact-driven determinations are not uncommon in the law whenever terms like "ordinary" or "reasonable" or "prudent" are used. Further, the Commission does not believe that Dominion will face the need to seek a CPCN for the construction, repair, or replacement of every typical neighborhood distribution line or small transmission line. If Dominion has questions regarding a specific project, it can inquire in advance, either informally of Staff, or through a formal inquiry under the Commission's Rules. The Commission also acknowledges the benefit of certainty and consistency, as long as such fall within the statutory structure. In this regard, we direct Staff to explore informally whether a workable set of factors can be developed that would bring more certainty to these matters, such as, for example, setting forth key attributes that should be considered in relation thereto. During Staff's informal exploration of possible factors, we expect that electric utilities and other interested parties will offer their views.

CPCN Requirements

The Commission finds that Dominion's proposed 115 kV transmission line rebuild across the Rappahannock River is not an ordinary extension or improvement in the usual course of business.

Dominion expressed concerns regarding the impact of this case on its continuing construction of small distribution facilities. This proceeding, however, does not involve local neighborhood distribution lines. Rather, this case involves a proposed transmission rebuild that would be Dominion's longest 115 kV river crossing in the Commonwealth, and Dominion acknowledged that it has "relatively few over water 115 kV structures on the Company's system."¹⁶ According to Dominion, it has only three other 115 kV river crossings greater than 0.5 miles in length. These range from 0.52 to 1.2 miles, with one or two lattice or monopole structures per crossing.¹⁷ The Rappahannock River crossing proposed herein would be approximately 1.9 miles, with ten steel H-frame structures.¹⁸ In addition, the number of river towers for the instant project (ten) is double the amount of river towers of the three other 115 kV crossings combined (five).

The proposed project also requires new right-of-way. Specifically, the proposed river crossing necessitated a special, new 80-foot wide right-of-way across the Rappahannock River, which required an uncodified Act of the General Assembly for the conveyance of an easement across the river bed.¹⁹ In contrast, none of the Company's 115 kV rebuild projects constructed within the past five years required new right-of-way or similar action by the General Assembly.²⁰ Furthermore, the proposed rebuild requires a partial relocation of Line #65 in order to eliminate the current bridge attachments.²¹

¹¹ In the instant case, Dominion asserts that no local authority exists for the portion of its proposed line that will cross the Rappahannock River. Tr. 29, 237 (Nov. 17, 2015).

¹² See, e.g., Code § 15.2-2232 A (requiring local review for "public utility facilit[ies]" as set forth therein); *Miller v. Highland County*, 274 Va. 355, 650 S.E.2d 532 (2007) (appeal concerning the local review of a proposed wind generation facility that was also separately certificated by the Commission).

¹³ *BASF Corp. v. State Corp. Comm'n*, ___ Va. ___, 770 S.E.2d 458 (2015). The Company has also previously sought both Commission and local approval for certain transmission lines and substations. See, e.g., *Application of Virginia Electric and Power Company, To amend its certificate of public convenience and necessity No. ET-107th authorizing operation of transmission lines and facilities in Rockbridge County: Fairfield Substation 115kv Transmission Line*, Case No. PUE-1990-00040, 1990 S.C.C. Ann. Rept. 355, Order Granting Amended Certificate (July 19, 1990) ("The Company states in its Application that it has received a conditional use permit for the proposed transmission line and substation from the Board of Supervisors of Rockbridge County.").

¹⁴ See, e.g., *Application of Potomac Edison Company, For a declaratory judgment*, Case No. PUE-2014-00055, Doc. Con. Cen. No. 140820129, Order (Aug. 19, 2014); *Petition of John F. Pavlansky, Jr., and Dianne H. Pavlansky, For a declaratory judgment, and Petition of Chih-Yuan Derek Wang and Hui-Hsin Amy Wang, Trustees Under the Wang Family Trust Dated September 23, 2011, For a declaratory judgment*, Case Nos. PUE-2014-00097 & PUE-2014-00098, 2014 S.C.C. Ann. Rept. 484, 485, Order (Oct. 22, 2014); *Application of Commonwealth Gas Pipeline Corporation, For a certificate of public convenience and necessity under the Virginia Utility Facilities Act*, Case No. PUE-1989-00072, Doc. Con. Cen. No. 891140111, Order on Motion for Jurisdictional Determination (Nov. 22, 1989).

¹⁵ See, e.g., Dominion Brief at 21-22.

¹⁶ Ex. 14 (Cizenski) at Attachment 1 (Corrected).

¹⁷ Ex. 15 (Joshipura) at 5, Attachment 4.

¹⁸ *Id.*

¹⁹ *Id.* at 4-5; Tr. 218 (Nov. 17, 2015); Staff Brief at 11, n.30 (citing 2015 Acts of Assembly, Ch. 377).

²⁰ Ex. 15 (Joshipura) at 4, Attachment 2.

²¹ See, e.g., Dominion Answer and Motion to Dismiss at 3-4.

The proposed rebuild also includes more, and significantly larger, structures in the river than the existing crossing. The existing seven wooden towers, which are approximately 83 feet tall and 26.5 feet wide, would be replaced with ten steel towers ranging from 102 to 173 feet tall and approximately 52 feet wide.²² In addition, Dominion would be required to "add new fenders in the river channel, with a length of 200 feet and height of nine feet, where no other structures currently exist."²³ Thus, the proposed rebuild may materially alter the footprint, the viewshed, and the impact of the existing river crossing.²⁴

The cost-per-mile of this proposed project is also significantly greater than comparable rebuild projects. The estimated cost of the project is \$29.5 million, or approximately \$13.4 million per mile.²⁵ This cost per mile is over 300% greater than the Company's other 115 kV transmission line projects more than 0.5 miles in length undertaken during the past five years.²⁶ Furthermore, the proposed project involves construction activities that Dominion does not frequently undertake; for example, Dominion did not establish that it is common for the Company to install transmission facilities that involve using barges, driving dozens of cylinder piles into a river bottom, or installing significant fenders in a river channel.²⁷

The instant project is also unusual in that it involves a 115 kV river crossing that is surrounded by 230 kV facilities.²⁸ In 1961, Dominion sought and received CPCNs to construct Line #65, which included the river crossing and was originally built as a 115 kV line.²⁹ In 1988, however, Dominion sought and received amended CPCNs to rebuild portions of Line #65 (not including the river crossing) both north and south of the river using 230 kV facilities that were planned to operate initially at 115 kV.³⁰ As a result, the Company has rebuilt approximately 7.7 miles of Line #65 with 230 kV facilities north and south of the Rappahannock River crossing.³¹

In the instant case, Dominion likewise originally designed the river crossing rebuild so that it, too, would be capable of operating at 230 kV. For example, in communications to the Virginia Marine Resources Commission ("VMRC"), which must issue permits for Dominion's proposed use of state-owned bottomlands in the Rappahannock River, the Company explained that "the portions of the line are being built for 230 kV operation even though planning has no future plans of upgrading the line from 115 kV to 230 kV."³² Dominion further acknowledged that the towers for the river crossing in this case were originally designed for 230 kV, "because accommodating a 230 kV tower height was reasonable to provide additional flexibility for future conversion of the facilities to 230 kV, if required at some point during the 60+-year life of the facilities."³³

The Company, however, has currently modified its proposed design so that the river crossing could only carry 115 kV. Specifically, subsequent to the initiation of this proceeding, Dominion reduced the proposed tower heights by an average of four feet.³⁴ Dominion also reduced the proposed tower cross-arms (*i.e.*, the outboard conductor arms) by approximately four feet.³⁵ Dominion stated that it made these changes to "avoid public confusion" and to avoid "the delay" that would be required to obtain a CPCN from the Commission for a 230 kV line.³⁶ As currently designed, however, the foundations, fenders, tower pole spacing, and conductors could still accommodate 230 kV.³⁷ The Company estimates that it would cost approximately \$54,000 to modify – now, prior to construction – the tower heights, cross-arms, and insulators for 230 kV.³⁸ In contrast, Dominion acknowledged that the cost "would be much

²² See, e.g., Ex. 14 (Cizenski) at 3, Attachments 4, 7, and 8 (Corrected); Tr. 214 (Nov. 17, 2015).

²³ Barnhardt Brief at 17. See also Tr. 85-89, 137-38 (Nov. 17, 2015); Ex. 5.

²⁴ See, e.g., *id.*; Ex. 2; Ex. 4.

²⁵ Ex. 15 (Joshapura) at 2-4.

²⁶ *Id.* at Attachment 1.

²⁷ See, e.g., Tr. 68, 99-101 (Oct. 19, 2015); Tr. 86-89 (Nov. 17, 2015); Ex. 3 (Bellows) at 8; Ex. 5; Staff Brief at 12.

²⁸ See, e.g., Ex. 8; Ex. 15 (Joshapura) at Attachment 6.

²⁹ *Application of Virginia Electric and Power Company, For Amended Certificates under Utility Facilities Act*, Case No. 11655, Instituting Supplemental Proceeding and Granting Amended Certificates (May 23, 1961).

³⁰ *Application of Virginia Electric & Power Company, To amend its certificate of public convenience and necessity No. ET-90b authorizing operation of transmission lines and facilities in Lancaster County and its certificate of public convenience and necessity No. ET-94d authorizing operation of transmission lines and facilities in Middlesex County: Harmony Village Substation-Lancaster Substation 230kv Transmission Line*, Case No. PUE-1988-00023, 1988 S.C.C. Ann. Rept. 319, Final Order Granting Amended Certificate (Aug. 30, 1988).

³¹ See, e.g., Ex. 8; Ex. 15 (Joshapura) at Attachment 6; Staff Brief at 14.

³² See, e.g., Petition at Exh. B; Barnhardt Brief at 9; Ex. 3 (Bellows) at Exh. JDB-3.

³³ Dominion's Response to Barnhardt Interrogatory No. 2-2; Barnhardt Brief at 10 and Exh. E. See also Tr. 29-30 (Oct. 19, 2015); Barnhardt Brief at 9 and Exh. C.

³⁴ See, e.g., Tr. 67 (Oct. 19, 2015); Ex. 14 (Cizenski) at 3-4; Barnhardt Brief at 10-14.

³⁵ See, e.g., Ex. 14 (Cizenski) at Attachments 4 and 7 (Corrected).

³⁶ See, e.g., Ex. 7 (Allen) at 11-12; Tr. 130, 204-06, 209 (Nov. 17, 2015).

³⁷ See, e.g., Ex. 14 (Cizenski) at 4-5, Attachment 5 (Corrected); Barnhardt Brief at 11-13.

³⁸ Ex. 14 (Cizenski) at Attachment 6 (Corrected). This represents less than 0.2% of the Company's estimated total cost of the project. See, e.g., Barnhardt Brief at 13; Staff Brief at 14.

greater" and "far more" than \$54,000 to convert the river crossing to 230 kV *after* construction if such voltage is eventually needed during the 60+-year life of these facilities.³⁹

Finally, the Commission notes that during the course of this proceeding Dominion provided substantial evidence on the reliability and operational issues that resulted in its currently proposed rebuild. Since this is not a CPCN proceeding, the Commission makes no ruling herein related to such matters and does not approve or reject any proposed river crossing. The instant case is also not a prudency review. If a river crossing is subsequently proposed, however, the facts in this record raise a question as to whether it is prudent *not* to spend an additional \$54,000 now to construct this specific river crossing at 230 kV.⁴⁰ Moreover, if it is subsequently determined that a 230 kV river crossing is the prudent decision, then statutory approval is required under Code § 56-46.1 B (which applies to "electrical transmission line[s] of 138 kilovolts or more"). Contrary to Dominion's assertion, we do not find that an electric utility's intention to operate a 230 kV-capable transmission line at 115 kV removes such line from the statutory voltage threshold set forth in Code § 56-46.1 B.⁴¹ This Final Order is not intended to address the need, location, design, or appropriate voltage for any subsequent application from the Company, including Dominion's original and amended proposals addressed herein for the purpose of ruling on the Petition.

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

³⁹ Tr. 119, 164 (Nov. 17, 2015). Indeed, the Company explained that, to do so, it "would have to take the structures down, insulators and hardware," and rebuild the transmission line across the Rappahannock River. Tr. 119 (Nov. 17, 2015).

⁴⁰ See also Tr. 29-30 (Oct. 19, 2015); Ex. 3 (Bellow) at Exh. JDB-4 ("Never is a long time. So we say, what do you do prudently. You would say okay, we're crossing the river now, let's do it right the first time in case. You never know what's going to happen in fifteen years.").

⁴¹ See, e.g., Tr. 53-54 (Oct. 19, 2015); Dominion Response to Barnhardt Interrogatory No. 2-7; Barnhardt Brief at 6, n.20 and Exh. A.

CASE NO. PUE-2015-00110 NOVEMBER 4, 2015

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.,
WESTROCK VIRGINIA CORPORATION
and
INGEVITY VIRGINIA CORPORATION

For a temporary waiver of certain provisions of Columbia Gas of Virginia, Inc.'s Rate Schedules and General Terms and Conditions of Service

FINAL ORDER

On October 14, 2015, Columbia Gas of Virginia, Inc. ("CGV"), WestRock Virginia Corporation ("WestRock"), and Ingevity Virginia Corporation ("Ingevity") (together, "Joint Applicants") filed with the State Corporation Commission ("Commission") an application for approval of a temporary waiver of certain provisions of CGV's General Terms and Conditions of Service ("GT&Cs") and Rate Schedules on file with and approved by the Commission ("Application"). The Joint Applicants state that the temporary waiver is necessary to facilitate the spin-off of Ingevity Corporation (the parent company of Ingevity) from WestRock Company (the parent company of WestRock) on or before February 1, 2016. The Joint Applicants further state that the waiver will not result in adverse consequences to other CGV customers. The Joint Applicants request Commission approval of the temporary waiver by December 31, 2015, in order to facilitate the completion of the spin-off by February 1, 2016.

The Application states that WestRock owns a pulp and paperboard mill and activated carbon product manufacturing facility located in Covington, Virginia ("Facility"). WestRock is a customer of CGV and takes service under Rate Schedule LVTS – Large Volume Transportation Service.

The Application states that Ingevity and Ingevity Corporation are wholly owned subsidiaries of WestRock Company. The Joint Applicants state that Ingevity has executed a Letter of Intent, under which Ingevity has committed to become a separate transportation customer of CGV under Rate Schedule TS2 – Transportation Service 2, following its spin-off from WestRock Company and the construction of natural gas facilities necessary to provide service to Ingevity on a stand-alone basis.

The Joint Applicants state that the Facility contains two separate manufacturing plants: the pulp and paperboard mill and the activated carbon product plant. The Facility uses natural gas in each of the onsite plants. Currently, the Facility is provided natural gas transportation service by CGV through one main delivery point pursuant to a Service Agreement with WestRock under Rate Schedule LVTS. The activated carbon product manufacturing facility assets are to be transferred to Ingevity prior to WestRock Company's spin-off of Ingevity Corporation.

The Joint Applicants state that although Ingevity has committed to take separate stand-alone natural gas service from CGV, the current configuration of WestRock's customer-owned piping within the Facility is not conducive to separate and distinct service to WestRock and Ingevity as separate customers. The Application states that the current piping configuration requires the construction of a measurement and regulation station along with approximately 5,000 feet of pipeline to provide Ingevity with separate stand-alone natural gas transportation service. CGV estimates that the construction and permitting of these facilities will require approximately 18 to 24 months to complete.

To facilitate the timely spin-off of Ingevity Corporation, the Joint Applicants seek Commission approval of a temporary waiver of certain provisions of CGV's GT&Cs and Rate Schedules, which the Joint Applicants state will permit WestRock to continue to operate the integrated in-plant piping to serve all of the facilities at the Facility following the spin-off. This waiver is only requested until the permitting and construction of natural gas facilities needed to serve Ingevity on a stand-alone basis are completed, a period not to exceed 24 months.

The provisions for which the Joint Applicants request a waiver are:

- (i) GT&C Section 1.9 which defines "Customer" such that "[s]ervice to each individual establishment, single-family residence, or separately metered apartment shall be treated as service to an individual Customer."
- (ii) GT&C Section 1.10 which defines "Customer's Premises" as a contiguous tract of property owned or controlled by "a Customer."

The Application states that the temporary waiver of the above mentioned terms will allow WestRock and Ingevity to be treated as a single customer in the application of CGV's tariff and will permit WestRock and Ingevity to own and control their respective interests in the Facility, subsequent to the spin-off of Ingevity Corporation. The Application further states that the waiver of the definitional limitation of a "customer" and a "customer's premises" will impact the interpretation of definitions throughout GT&C Section 1 and, by extension, interpretations of provisions throughout the GT&Cs, Rate Schedule LVTS, and Rate Schedule BBS – Banking and Balancing Service.¹

NOW THE COMMISSION, upon consideration of the Application, is of the opinion that the Joint Applicants should be granted a temporary waiver of certain provisions of CGV's General Terms and Conditions of Service and Rate Schedules LVTS and BBS, as described in the Application, for a period not to exceed 24 months from the date of this Order.

Accordingly, IT IS ORDERED THAT the Application is approved.

¹ GT&C provisions pertinent to WestRock and Ingevity that are impacted by these temporary definitional changes include the following: (i) "Piping and Appliances" (Section 2.4); (ii) "Force Majeure and Company Liability" (Section 5); (iii) "Termination of Service" (Section 6); (iv) "Application, Billing and Payment" (Section 7); (v) "No Customer Shall Sell to Another" (Section 7.9); (vi) "Interruption and Curtailment of Service" (Section 10); (vii) "LVTS - Additional Terms and Conditions" (Section 15); and (viii) "Computation of Banking and Balancing Service PGA" (Section 17.5). Furthermore, the Joint Applicants state that WestRock will be deemed the "customer" in applying the provisions of Rate Schedule LVTS, including the administration of Banking and Balancing Service. See Application at 7-8.

CASE NO. PUE-2015-00112 DECEMBER 14, 2015

APPLICATION OF BARC ELECTRIC COOPERATIVE

For authority to incur long-term debt

ORDER GRANTING AUTHORITY

On October 23, 2015, BARC Electric Cooperative ("BARC") filed an application with the State Corporation Commission ("Commission") under Chapter 3¹ of Title 56 of the Code of Virginia for authority to incur long-term debt ("Application"). BARC has paid the requisite filing fee of \$250.

BARC is seeking authority to incur up to \$600,000 in debt from the National Rural Utilities Cooperative Finance Corporation ("CFC"). BARC proposes to use the proceeds, in connection with grants,² to finance construction of a solar facility in Rockbridge County ("Solar Facility"). The interest rate on the CFC debt is projected to be 1.5 percent, and the maturity on the debt is expected to be 26 years.

The proposed Solar Facility is to be constructed to support a community solar program in which BARC, or a BARC affiliate, will own and maintain a centralized facility on behalf of solar subscribers. The Solar Facility will be constructed on a five acre parcel capable of hosting approximately 1 MW of solar power. The initial facility size is expected to be approximately 500 kW. The actual facility size, capacity factor, expected kWh output, and other facility performance details will be determined after the outcome and award of a request for proposals ("RFP") for the design and construction of the Solar Facility.

BARC, or its affiliate, plans to follow the permitting process for small renewable energy projects through the Department of Environmental Quality ("DEQ"). If BARC constructs the Solar Facility itself, it will comply with the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.³

BARC plans to recover the cost of the Solar Facility by implementing a community solar rate tariff. BARC will determine the community solar rate tariff once a winning bidder is selected from the RFP and project costs are finalized. BARC will take measures to ensure that, under the community solar rate tariff, neither community solar subscribers nor non-subscribers will subsidize each other. BARC expects to provide the full community solar program details to the Commission in a rate tariff filing expected in early 2016.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that conditional approval of the Application will not be detrimental to the public interest.

¹ Va. Code § 56-55 *et seq.*

² BARC has received \$750,000 in grants from the Appalachia Regional Commission and the United States Department of Agriculture Renewable Energy for America Program.

³ 20 VAC 5-302.

Accordingly, IT IS ORDERED THAT:

- (1) BARC is conditionally authorized to borrow up to \$600,000 from the CFC, all in the manner, under the terms and conditions, and for the purposes set forth in the Application, conditioned upon BARC's compliance with the DEQ's notice and certification requirements for small solar projects,⁴ approval of a solar rate tariff, and Commission approval of an affiliate agreement if BARC elects to have an affiliate construct the Solar Facility.
- (2) Within thirty (30) days of the date of any advance of funds from the CFC, BARC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance, the interest rate, and the interest rate term.
- (3) The authority granted herein shall have no implications for ratemaking purposes.
- (4) There appearing nothing further to be done in this matter, it is hereby dismissed.

⁴ 9 VAC 15-60-130.

**CASE NO. PUE-2015-00116
NOVEMBER 25, 2015**

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 November 3, 2015, Atmos Energy Corporation ("Atmos") and Atmos Energy Holdings, Inc. ("AEH") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") requesting authority to incur short-term indebtedness up to a maximum of \$2 billion for the period January 1, 2016, through December 31, 2016. The amount of short-term debt requested in the application is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code and thus requires prior Commission approval. Atmos also requests authority to lend and borrow short-term funds to and from its affiliate in an amount not to exceed \$500 million at any one time during 2015. The Applicants paid the requisite fee of \$250.

In connection with the Application, the Applicants separately filed a Motion For Partial Waiver of Prior Commission Order and to Accept Application Out of Time ("Motion"). The Motion noted that the Commission's Order Granting Authority dated November 13, 2014, in Case No. PUE-2014-00101, had required the Applicants to file no later than October 31, 2015, for any continuation of the authority granted beyond 2015. The Applicants' Motion requests a partial waiver of the October 31, 2015, filing date requirement and that the Applicants be permitted to file the Application out of time. The Applicants' Motion represents that a delay in obtaining the information necessary to complete the Application led to the short delay in its filing. The Applicants' Motion further states that the Commission Staff was contacted and does not oppose the Motion.

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 \$1.25 billion credit facility in place that has an accordion feature that could allow borrowings up to \$1.5 billion ("Credit Facility"). According to the Application, borrowings under Atmos' Credit Facility will bear interest at floating rates based on the type of loan Atmos elects, either a Base Rate Loan or a Eurodollar Loan. Under Atmos' commercial paper program, the interest rate is set at the time of the advance and is based on capital market conditions at that time. Atmos states that the proceeds will be used to fund seasonal gas purchases, finance the ongoing capital improvement program, refinance maturing long-term debt, and for other corporate purposes.

Atmos also proposes to continue to borrow from and lend to AEH, its wholly owned subsidiary, through a \$500 million short-term cash credit facility ("Affiliate Facility") for the period January 1, 2016, through December 31, 2016. AEH can also use the Affiliate Facility to lend funds to its wholly owned subsidiaries, including Atmos Energy Marketing. The interest rate on AEH loans from Atmos under the Affiliate Facility will be based on the one-month London Interbank Offered Rate plus 300 basis points. Loans from AEH to Atmos will be priced at the lesser of the Atmos borrowing rate as a Eurodollar loan or the rate on its commercial paper, if there is any commercial paper outstanding at the time.

NOW THE COMMISSION, upon consideration of the Applicants' Motion, the Application and representations of the Applicants, and having been advised by its Staff, is of the opinion and makes the following findings. First, we grant the Applicants' Motion to file the Application out of time. Second, we find that approval of the Application will not be detrimental to the public interest

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The Applicants' Motion to file the Application out of time is hereby granted.
- (2) Atmos is hereby authorized to incur short-term indebtedness up to \$2 billion at any one time between January 1, 2016, and December 31, 2016, under the terms and conditions and for the purposes set forth in the Application.
- (3) Atmos is hereby authorized to borrow from and lend to AEH short-term funds up to an aggregate amount of \$500 million between January 1, 2016, and December 31, 2016, under the terms and conditions and for the purposes set forth in the Application.
- (3) The Applicants shall file with the Commission quarterly reports of action no later than May 16, 2016, August 15, 2016, and November 15, 2016, reporting on its short-term debt activities during the previous calendar quarter. Such reports shall include a monthly schedule of daily short-term borrowings of Atmos separate from AEH borrowings, the average monthly balance, the average monthly interest rate, and the monthly maximum amount of short-term debt outstanding.
- (4) The Applicants shall submit to the Commission a final report of action on or before February 28, 2017, providing the information required in Ordering Paragraph (3) for the fourth calendar quarter of 2016. 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 2016.
- (5) The 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 the Applicants in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.
- (9) The approval granted in this case shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the Affiliate Facility or Credit Facility.
- (10) Should the Applicants wish to obtain authority beyond year 2016, Atmos shall file an application requesting such authority no later than October 31, 2016.
- (11) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

**CASE NO. PUE-2015-00120
DECEMBER 8, 2015**

APPLICATION OF
VIRGINIA NATURAL GAS, INC.,
AGL RESOURCES INC.,
and
AGL SERVICES COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

ORDER GRANTING AUTHORITY

On November 13, 2015, Virginia Natural Gas, Inc. ("VNG"), AGL Resources Inc. ("AGLR"), and AGL Services Company ("AGL Services") (collectively, "Applicants"), filed an application under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code") requesting authority for VNG to participate in an AGLR Utility Money Pool ("Utility Money Pool"), to issue and sell common stock to an affiliate, and to issue long-term debt to an affiliate ("Application"). The amount of short-term debt proposed in the Application exceeds 12 percent of the total capitalization as defined in § 56-65.1 of the Code. Applicants paid the requisite fee of \$250.

The Applicants request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of \$150,000,000 through participation in the Utility Money Pool administered by AGL Services; (ii) issue long-term debt to AGLR in an amount not to exceed \$250,000,000; and (iii) issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, all for the period January 1, 2016, through December 31, 2016.

¹ Va. Code § 56-55 *et seq.*

² Va. Code § 56-76 *et seq.*

The Applicants note that the requested level of authority to issue long-term debt and common stock in this case is identical to the limits previously authorized in Case No. PUE-2014-00117,³ among other cases. Terms of significance will vary with respect to the particular type of debt security issued, as noted in the Application.

Applicants' requested level of short-term debt borrowing authority through the Utility Money Pool is the same as previously requested and authorized in Case No. PUE-2014-00117. Applicants represent that the requested authority for Utility Money Pool borrowings of up to \$150,000,000 is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state that the level of short-term borrowing requested will provide the flexibility needed by VNG to finance its operations on a short-term basis until management deems it appropriate to secure permanent, long-term financing, based on capital market conditions and other criteria.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement that remains unchanged from what was originally approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132.⁴ With respect to the Utility Money Pool, loans to participants will be made in the form of open account advances for periods of less than 12 months. Borrowings will be payable on demand together with all interest accrued thereon. Interest on borrowings will accrue daily at a rate that will be determined based on the source of funds available in the Utility Money Pool.

If Utility Money Pool borrowings in a given month solely consist of surplus funds from participants ("Internal Funds"), the daily interest rate will be equal to the high-grade unsecured 30-day commercial paper rate of major corporations sold through dealers as quoted in *The Wall Street Journal*. If Utility Money Pool borrowings in a given month solely consist of proceeds from bank borrowings or the issuance of commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal Funds and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal Funds and External Funds.

The cost of compensating balances and fees paid to banks to maintain credit lines that support the availability of External Funds to the Utility Money Pool will be allocated to borrowing parties in proportion to their respective daily outstanding borrowing of External Funds. Borrowing parties will borrow pro rata from each fund source in the same proportion that the respective funds from each source bear to the total amount of funds available to the Utility Money Pool.

With respect to long-term debt issued by VNG to AGLR, any terms and conditions thereon will mirror the terms and conditions of debt issued by AGLR. If AGLR does not issue long-term debt within one year from the date of the long-term debt issued by VNG, the rate of interest on that corresponding issue of VNG debt will be determined utilizing the interest rate on the comparable term U.S. Treasury Securities as reported in the H.15 Federal Reserve Statistical Release nearest to the time of the loan takedown, plus an appropriate credit spread for AGLR's existing long-term debt rating. However, such VNG debt rate will be adjusted to match AGLR's cost of borrowing if AGLR subsequently issues long-term debt within one year after the VNG loan is drawn.

For common stock, VNG requests authority to issue up to 6,452 shares of common stock without par value to AGLR. If all additional shares of common stock are issued pursuant to this request, the total number of common shares outstanding will be 10,000 shares. This is equal to the total number of shares authorized. The common stock will be sold at the book value of VNG's common equity as of its most recent balance sheet date immediately prior to the sale date.

Applicants state that the proposed issuance of long-term debt and common equity will be used to reduce short-term borrowings, 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 percent of capitalization not to exceed \$150,000,000, for the period January 1, 2016, through December 31, 2016, 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 AGLR in an amount not to exceed \$250,000,000 and to issue and sell common stock to AGLR in an amount not to exceed \$300,000,000, for the period January 1, 2016, through December 31, 2016, 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.

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

³ *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-2014-00117, 2014 S.C.C. Ann. Rept. 496, Order Granting Authority (Dec. 12, 2013).

⁴ The Utility Money Pool Agreement became effective January 1, 2005, and is an arrangement among AGLR, AGL Services, VNG, and other AGLR subsidiaries participating in the Utility Money Pool. Application at 5.

**CASE NO. PUE-2015-00122
DECEMBER 9, 2015**

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On November 18, 2015, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval under Chapter 3¹ of Title 56 of the Code of Virginia seeking authority to issue common stock. Atmos has paid the requisite fee of Two Hundred Fifty Dollars (\$250).

In its Application, Atmos requests authority to issue 2,500,000 additional shares of common stock through its 1998 Long-Term Incentive Plan ("Plan").² Shares will be issued over a number of years with the proceeds being used to fund general corporate purposes.

According to the Company, the purpose of the Plan is to attract and retain the services of able persons as employees and non-employee directors, to provide such persons with proprietary interest in Atmos, and to motivate employees using performance-related incentives linked to longer-range performance goals. The types of awards that may be granted under the Plan include incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, bonus shares, and other stock unit awards.

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 2,500,000 additional shares of common stock through its 1998 Long-Term Incentive Plan, under the terms and conditions and for the purposes set forth in the Application.

(2) There being nothing further to be done, this matter is hereby dismissed.

¹ Va. Code § 56-55 *et seq.*

² The Commission has approved the issuance of common stock through the Plan in prior cases, most recently in Case No. PUE-2011-00029.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NO. SEC-2010-00003
FEBRUARY 23, 2015

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

v.

EDDIE J. WARD, SR.

and

THE NEW DIMENSION GROUP, LLC,
Defendants

JUDGMENT ORDER

On October 17, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Eddie J. Ward, Sr. ("Ward") and The New Dimension Group, LLC ("New Dimension") (collectively, "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. In the Rule, the Commission's Division of Securities and Retail Franchising ("Division") alleged that the Defendants failed to comply with a Settlement Order¹ entered by the Commission following allegations by the Division that the Defendants had violated the antifraud and registration provisions of the Act. Specifically, after admitting to the Division's allegations and agreeing to the payment of \$8,000 in monetary penalties and \$3,000 to defray the costs of investigation within 12 months of the date of the Settlement Order, the Defendants failed to make any payments as required.

The Rule, among other things, set a hearing date of December 2, 2014, appointed a Hearing Examiner to conduct all further proceedings and to file a final report, and ordered the Defendants to file a responsive pleading on or before November 21, 2014.

On November 25, 2014, the Defendants filed a motion requesting the Hearing Examiner accept their late-filed responsive pleading ("Motion"). The Defendants also filed a Response to Rule to Show Cause stating that they intended to appear before the Commission to present a defense and ask for the reinstatement of payment arrangements.

On December 2, 2014, the hearing was convened as scheduled. William Stanton, Esquire, appeared as counsel for the Division. Ward appeared *pro se*. As a preliminary matter, the Hearing Examiner granted the Defendants' Motion.² The court then took a brief recess to allow Ward and the Division to discuss settlement of the matter.³

Following that conference, the Division and Ward informed the Hearing Examiner that they had reached a proposed settlement.⁴ The Defendants agreed to pay \$8,000 in monetary penalties and \$3,000 to defray the costs of investigation and to have a judgment order entered against them in that amount for a total amount of \$11,000.⁵ The Defendants also admitted to the violations of the Act as specified in Paragraph 4 of the Rule, and they also agreed to be permanently enjoined as set forth in Paragraph 5 of the Rule, provided that no additional penalty or cost be imposed on them.⁶

The Hearing Examiner granted the motion of the Division and found the Defendants in default for failing to comply with the Settlement Order, subject to the terms and conditions that the Defendants agreed to contained in the Rule.⁷

On January 7, 2015, the Hearing Examiner issued his Report. In his Report, the Hearing Examiner found that the settlement agreed upon by the Division and Defendants should be adopted.⁸ The parties did not file comments.

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

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission v. Eddie J. Ward, Sr. and The New Dimension Group, LLC*, Case No. SEC-2010-00003, 2012 S.C.C. Ann. Rept. 539, Settlement Order (Apr. 12, 2012).

² Tr. at 11.

³ Tr. at 9.

⁴ Tr. at 9-10.

⁵ Tr. at 10-12.

⁶ Tr. 9-10.

⁷ Tr. at 11-12.

⁸ Report at 2.

Accordingly, IT IS ORDERED THAT:

- (1) The findings and recommendations of the Hearing Examiner's Report filed on January 7, 2015, are hereby ADOPTED.
- (2) The Defendants are permanently enjoined from transacting business in the Commonwealth of Virginia as a broker-dealer, agent, investment advisor, investment advisor representative, issuer, or agent of the issuer.
- (3) The Defendants are also permanently enjoined from any future violations of the Act.
- (4) The Defendants are assessed \$11,000 in monetary penalties and costs of investigation.
- (5) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2012-00001
AUGUST 3, 2015**

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

v.
MICHAEL W. RICCIARDELLI, II,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Michael W. Ricciardelli, II ("Ricciardelli" or "Defendant"), operating as Blue Lightning Enterprises, Inc. ("Blue Lightning"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Blue Lightning was organized in the Commonwealth of Virginia ("Virginia") in April 2006 and terminated in August 2010. Ricciardelli was the Director of Blue Lightning. McCarty & White, PLLC became the trustee for Blue Lightning when the company entered bankruptcy in 2009.

The Defendant offered and sold securities in the form of promissory notes to at least 51 investors from early 2006 through October 2008. The Division alleges that the securities sold by the Defendant are subject to regulation under the Act. The Division further alleges that the promissory notes were neither registered with the Division nor exempt from registration. The Defendant forwarded the monies raised to an entity and its principal not identified to the investors but known through this investigation as Starfire Technologies, Inc., and its principal, Steven Bartko ("Bartko"). Bartko was subsequently charged and convicted of mail fraud in the U.S. District Court for the Southern District of California for his activities related to this matter, receiving a 24-month sentence and ordered to pay over \$5 million in restitution.

Based on the investigation, the Division alleges that the Defendant violated § 13.1-504 A (i) of the Act by transacting business in Virginia as an agent of an issuer without being duly registered and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) in monetary penalties.
- (2) The Defendant is enjoined from registering or transacting business as a broker-dealer, broker-dealer agent, investment advisor, or investment advisor representative, and from offering or selling securities in Virginia for a period of five (5) years from the date of entry of this Order.
- (3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) 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 his reporting obligations to any regulatory authority.

**CASE NO. SEC-2012-00017
MAY 22, 2015**

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

v.

BENOIT BROOKENS, III,
Defendant

JUDGMENT ORDER

On December 16, 2014, the State Corporation Commission ("Commission") entered a Rule to Show Cause ("Rule") against Benoit Brookens, III ("Defendant"). The Rule summarized allegations by the Division of Securities and Retail Franchising ("Division") against the Defendant. Specifically, the Defendant is alleged to have violated the registration provisions of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"), by acting as an unregistered agent for Trade Dock Co. ("Trade Dock"), a Delaware company,¹ when he offered and sold an unregistered security in the form of an investment contract to residents of the Commonwealth of Virginia ("Virginia") who gave the Defendant money for the purpose of conducting foreign currency exchange ("forex") trading on their behalf.²

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for February 18, 2015. Additionally, the Rule ordered the Defendant to file a responsive pleading on or before January 16, 2015, in which the Defendant was required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that he intended to assert. The Rule also advised the Defendant that he may be found in default if he failed to either timely file a responsive pleading or if he failed to appear at the hearing.

On February 9, 2015, the Division filed a Motion for Default Judgment, in which, among other things, the Division stated: (i) service of the Rule was duly made on the Secretary of the Commonwealth;³ (ii) the Defendant failed to file a responsive pleading to the Rule, or otherwise make an appearance in this case; (iii) the Commission has authority to enter judgment by default;⁴ and (iv) the Defendant has been afforded all necessary due process, therefore, the hearing in this matter may be waived and a default judgment may be entered against the Defendant. The Division attached the sworn affidavit of its investigator to prove that the Commission has jurisdiction in this case, and that the Defendant has committed the violations alleged in the Rule.⁵

The Defendant failed to file any responsive pleading or otherwise make an appearance in this case.

An evidentiary hearing on the Rule was held on February 18, 2015. The Division was represented by its counsel, Debra M. Bollinger, Esquire. The Defendant failed to appear at the hearing. At the hearing, counsel for the Division moved for default judgment against the Defendant. In support of the Motion for Default Judgment⁶, the Division presented proof of service of the Rule on the Secretary of the Commonwealth.⁷ In addition, the Division presented the testimony of Tom Bayly, senior investigator, who sponsored his sworn affidavit into the record.⁸

On March 2, 2015, 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 Defendant violated § 13.1-504 A of the Act by selling a security issued by Trade Dock to a Virginia investor without being duly registered with the Division as an agent of the issuer, and by violating § 13.1-507 of the Act by offering and selling a security to a Virginia investor that was not registered under the Act or exempt from registration.

¹ The Defendant was the Chief Executive Officer for Trade Dock.

² Forex is a global decentralized market for the trading of currencies.

³ See Attachment 1 to the Motion for Default Judgment (Affidavit for Service of Process on the Secretary of the Commonwealth).

⁴ See *Commonwealth of Virginia ex rel. State Corporation Commission v. Everett Express, Inc.*, 1988 S.C.C. Ann. Rep. 112.

⁵ See Attachment 2 to the Motion for Default Judgment (Affidavit of Tom Bayly, Senior Investigator with the Division of Securities and Retail Franchising).

⁶ Exhibit 3.

⁷ Exhibit 1.

⁸ Exhibit 2.

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 Default Judgment should be granted; and (iii) the Defendant should permanently enjoined from transacting business in Virginia as a broker-dealer, agent, investment advisor, investment advisor representative, issuer or agent of the issuer, and any future violations of the Act

The Report allowed the parties 21 days to provide comments. Neither the Defendant nor the Division filed comments.

On March 23, 2015, the Defendant filed a Motion to Set Aside Default Judgment for a Fraud on the Court Pursuant to Va. Code § 8.01-428 ("Motion to Set Aside").⁹ In his Motion to Set Aside, the Defendant stated, among other things, that the default judgment ruling was incorrectly based upon an invalid contract and that he at all times has operated pursuant to federal and state securities laws.

On March 25, 2015, the Commission issued an Order scheduling date of April 6, 2015 for the Division's Response to the Motion to Set Aside, and April 16, 2015 for the Defendant's Reply.

On April 6, 2015, the Division filed its response to the Defendant's Motion to Set Aside. In its response, the Division argued that the Defendant's Motion to Set Aside fails on both procedural and substantive grounds in that: (1) the Defendant had received proper notice and service for the Commission's proceedings, (2) the Motion to Set Aside was improper as a judgment does not exist, and (3) the comment that the unsigned Warranty Agreement that was the subject of this proceeding was not evidence of a contractual arrangement is unsupported by applicable law.

On April 17, 2015, the Defendant, instead of filing a Reply, filed a Motion for Continuance, requesting time to explore settlement options with the complainant. Four days later on April 21, 2015, the Defendant filed an Affidavit in Support of his Motion for Continuance.

The Division filed a response to the Motion for Continuance on April 21, 2015. In its Response the Division stated that the Defendant failed to provide any details: (1) with regard to when this settlement will occur, (2) what he proposes for settlement, or (3) what effect the proposed settlement has on the alleged violations of the Act. In addition, the Division stated that it had spoken to the complainant who had spoken to the Defendant who offered him some vague settlement offer to treat his contract as a "loan" that would be converted into stock of his new company. The Defendant did not reply to the Division's Response to his Motion for Continuance.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Defendant's Motion to Set Aside and Motion for Continuance are hereby DENIED.
- (2) The Division's Motion for Default Judgment is hereby GRANTED.
- (3) Pursuant to § 13.1-519 of the Act, the Defendant is hereby PERMANENTLY ENJOINED from: (i) registering or transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative and from selling securities within the Commonwealth of Virginia; and (ii) violating the Act in the future.
- (3) This case is dismissed and the papers herein shall be placed in the file for ended causes.

⁹ Doc. Con. Cen. No.150320172.

**CASE NO. SEC-2012-00046
FEBRUARY 11, 2015**

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

v.
ROBERT ALLAN SIGLEER,
Defendant

JUDGMENT ORDER

On October 20, 2014, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Robert Allan Sigleer ("Defendant") based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division"). Specifically, the Division alleged that the Defendant violated §§ 13.1-502 (2), 13.1-504, and 13.1-507 of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia ("Act"), by making material misrepresentations and/or omissions associated with the offer and sale of securities, by offering and selling unregistered securities, and by offering and selling securities as an unregistered agent.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for January 6, 2015. Additionally, the Rule ordered the Defendant to file a responsive pleading on or before December 15, 2014, in which the Defendant was required to expressly admit or deny the allegations in the Rule and present any affirmative defenses he intended to assert. The Rule also advised the Defendant that he may be found in default if he failed to either timely file a responsive pleading or if he failed to appear at the hearing.

The Defendant failed to file an answer or other responsive pleading to the Rule. Thereafter, the Division filed a Motion for Default Judgment ("Motion") on December 24, 2014. The Division noted that the Defendant had not filed an answer or other responsive pleading in the case, despite an opportunity to do so and despite notice of the opportunity to do so through perfected service as required by law. The Division also asserted that the

Defendant had been afforded necessary due process in this case and, therefore, the matter was ripe for the entry of a judgment by default. In support of the Motion, the Division provided the affidavit of Jonathan Hawkins, a senior investigator with the Division, together with supporting attachments.

The hearing was convened, as scheduled, on January 6, 2015. Debra M. Bollinger, Esquire, appeared on behalf of the Division. The Defendant did not appear at the hearing following service of the Rule and after receiving notice of the hearing. The Division presented proof of service on the Defendant, including service on the Secretary of the Commonwealth. In addition, the testimony of Jonathan Hawkins, an investigator in the Division's Enforcement Section, was presented along with supporting attachments.

On January 20, 2015, the Hearing Examiner issued her report ("Report"), which thoroughly summarized the factual and procedural history of the case, as well as the evidence and arguments presented at the hearing. In her Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendant violated: (i) § 13.1-504 A of the Act by making four sales of securities (in the form of promissory notes) without being registered to do so; (ii) § 13.1-507 of the Act by selling four unregistered securities (in the form of promissory notes); and (iii) § 13.1-502 (2) of the Act by making material misrepresentations and/or omissions associated with four sales of securities (in the form of promissory notes). Furthermore, the evidence supported the conclusion that the Defendant made material misrepresentations and/or omissions when soliciting and obtaining funds from Virginia investors.

Based on these findings, the Hearing Examiner recommended that: (i) the Defendant be penalized the sum of \$120,000 unless, within 30 days of the entry of this Judgment Order ("Order"), the Defendant makes restitution to the Virginia investors; and (ii) pursuant to § 13.1-519 of the Act, the Defendant be permanently enjoined from (i) acting as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative in the Commonwealth of Virginia and (ii) violating the Act in the future.

No comments were filed by the Defendant to the Report.

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

Accordingly, IT IS ORDERED THAT:

- (1) The Division's Motion is hereby GRANTED.
- (2) Pursuant to § 13.1-521 A of the Act, the Defendant shall be penalized in the amount of \$120,000. Pursuant to § 13.1-521 C of the Act, however, the Commission shall waive the monetary penalties if the Defendant pays restitution in the total amount of \$255,000 to the Virginia investors within thirty (30) days of the entry of this Order.
- (3) Pursuant to § 13.1-519 of the Act, the Defendant is hereby PERMANENTLY ENJOINED from: (i) registering or transacting business as a broker-dealer, agent of a broker-dealer, agent of an issuer, investment advisor, or investment advisor representative and from selling securities within the Commonwealth of Virginia and (ii) violating the Act in the future.
- (4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

**CASE NO. SEC-2014-00005
OCTOBER 16, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CRAIG MADANS
and
HOCOA FRANCHISING CO., LLC,
Defendants

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of HOCOA Franchising Co., LLC ("HOCOA"), and Craig Madans ("Madans") (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 its investigation, the Division alleges as follows:

(1) The Defendants violated § 13.1-560 of the Act by offering and selling unregistered franchises in the Commonwealth of Virginia ("Virginia") to Virginia franchisees. Additionally, although the Defendants provided Virginia franchisees with a disclosure document, such document had not been cleared by the Division in violation of § 13.1-563 (4) of the Act.

(2) The Division also alleges that the Defendants violated § 13.1-563 (2) of the Act by omitting material information and making material misrepresentations in connection with the offer and sale of a franchise by: (i) omitting from the disclosure document information relating to litigation involving a dispute over the ownership of the "Home Owners Clubs of America" trademark granted for use by HOCOA to Virginia franchisees; (ii) omitting from the disclosure document that the "Home Owners Clubs of America" trademark registration granted to them to use was surrendered by HOCOA under a settlement agreement arising from the trademark litigation; (iii) failing to provide on-site training in using the HOCOA system; (iv) failing to disclose to a Virginia franchisee that HOCOA was required by statute to defer any franchise fees until it had met its pre-opening obligations under the franchising agreement; and (v) failing to defer any franchise fees for a Virginia franchisee until it had met its pre-opening obligations under the franchising agreement.

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(3) Based upon its investigation, the Division alleges that HOCOA is a company organized under the laws of South Carolina. Madans is the President and CEO of HOCOA and at all times as alleged herein acted as an agent of HOCOA. HOCOA's franchise was registered with the Division from August 9, 2007, until August 9, 2008. Before the franchise was registered, however, the Division determined that HOCOA sold a franchise to a Virginia franchisee. Additionally, HOCOA sold a franchise to a Virginia resident after HOCOA's registration expired.

(4) The Division further alleges that HOCOA operated as a home repair network for homeowners and contractors and used the "Home Owners Clubs of America" trademarked name in its offering documents provided to franchisees during the relevant period of time. HOCOA franchisees connected homeowners seeking to have repair or remodeling done on their homes with licensed contractors that had been vetted through HOCOA to ensure that the contractors were qualified, licensed and bonded, among other things.

(5) As part of its investigation, the Division alleges that in January of 2007, the Defendants sold a franchise to a Virginia franchisee despite the franchise not being registered with the Division in violation of § 13.1-560 of the Act. In July of 2009, the Defendants sold another franchise to a Virginia franchisee also without the franchise being registered in violation of § 13.1-560 of the Act.

(6) In both of these transactions, the Division alleges that the Defendants supplied disclosure documents to the franchisees. A franchise disclosure document ("FDD")¹ contains material and current information relating to the franchisor and the franchise being offered. This document is required to be provided to a potential franchisee under the Act in order for the franchisee to make an informed decision regarding the purchase of the franchise.

(7) The Division alleges, however, that since HOCOA was not registered as a franchise at the time of the offer and sale of these franchises, the FDDs provided to the franchisees had not been cleared by the Division for use in violation of § 13.1-563 (4) of the Act. The Division further alleges that the FDDs supplied to Virginia franchisees omitted material information as described below.

(8) In February of 2004, a petition was filed in the United States Patent and Trademark Office ("USPTO") seeking to cancel the "Home Owners Clubs of America" trademark, which HOCOA purportedly owned and granted the right to use to its franchisees. Litigation ensued between HOCOA and the USPTO petitioner, ultimately leading to HOCOA surrendering the trademark in April of 2007.

(9) Based on the investigation, HOCOA granted the use of the trademark to the two Virginia franchisees in a licensing agreement as part of the HOCOA franchise agreement despite surrendering the "Home Owners Clubs of America" trademark. The Defendants failed to disclose the prior litigation associated with this trademark to these two franchisees and also failed to inform these franchisees that it had surrendered its rights to the trademark in violation of § 13.1-563 (2) of the Act. The Division further alleges that HOCOA had no authority to grant the use of this trademark to any franchisee.

(10) At the time the Virginia franchises were sold, the Division further alleges that HOCOA was insolvent as defined by the Act and as indicated in its 2006 and 2007 audited financial statements. These statements were submitted to the Division as part of HOCOA's application for registration. Pursuant to 21 VAC 5-110-65 G of the Commission's Retail Franchising Act Rules, 21 VAC 5-110-10 *et seq.*, HOCOA was informed by the Division that it would have to defer any franchise fees until it satisfied all of its pre-opening obligations under the HOCOA franchise agreement.

(11) The Division also alleges that the Defendants were required to disclose the requirement to defer any franchise fees in the FDD provided to the franchisees. Despite this requirement, the Defendants failed to make such disclosure in the first franchise offer and sale, in violation of § 13.1-563 (2) of the Act, and accepted payment of the franchise fee from this franchisee before satisfying any pre-opening obligations. Further, the Division alleges that the Defendants misrepresented in the FDD provided to the second franchisee that HOCOA would defer any franchise fees until it satisfied its pre-opening obligations under the franchise agreement. HOCOA, however, accepted a franchise fee payment from this franchisee prior to satisfying all its pre-opening obligations for providing on-site training.

(12) In the transaction with the second Virginia franchisee, the Division alleges that the Defendants expressed in the FDD and in the franchise agreement that HOCOA would provide three days of training regarding how to set up and operate a HOCOA franchise in addition to training provided at the Defendants' home office. The disclosure documents stated this training would take place at the franchisee's location. The Division alleges that the Defendants did not provide the on-site training to the franchisee and that their misrepresentations regarding such training are in violation of § 13.1-563 (2) of the Act.

If the standards of the statute are met, 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 admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). Without admitting or denying any other allegations made by the Division, the Defendants further admit that they offered and sold two unregistered franchises in Virginia in violation of § 13.1-560 of the Act. Additionally, both the Division and the Defendants acknowledge that the Commission has made no findings of fact or rulings on the Division's allegations as set forth above.

As a proposal to settle all matters arising from these allegations, HOCOA has made an offer of settlement to the Commission wherein it will abide by and comply with the following terms and undertakings:

(1) Within eighteen (18) months from the date of entry of this Order, the Defendants will pay to Treasurer of the Commonwealth ("Treasurer") the amount of Twelve Thousand Dollars (\$12,000) in monetary penalties.

(2) The Defendants, unless otherwise ordered by the Commission, shall be permanently enjoined from: (i) offering or selling HOCOA franchises in the Commonwealth of Virginia; and (ii) registering the HOCOA franchise in the Commonwealth of Virginia. In the event that HOCOA is sold to an independent buyer, the buyer may petition the Commission to dissolve this injunction as to the franchise.

¹ The first franchisee was supplied with a Uniform Franchise Offering Circular ("UFOC"), the precursor to the FDD. In July of 2008, the Act was amended and the FDD replaced the UFOC as the standard offering document. For consistency, the term "FDD" and "UFOC" are used interchangeably in this Order.

(3) Within thirty (30) days of the date of entry of this Order, the Defendants will mail a copy of this Order via certified mail to the Virginia franchisees. Within forty-five (45) days of the date of entry of this Order, the Defendant will provide proof of such certified mailing to the Division.

(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 and finds 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 take such other action it deems appropriate on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2014-00022
APRIL 30, 2015**

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

v.

HAROLD C. DILL,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Harold C. Dill ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based on its investigation, the Division alleges:

The Defendant is licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia ("Virginia"). The Defendant is not registered to offer and sell securities. The Defendant sold approximately \$1,250,000 in a product that the Division alleges constitutes unregistered securities in the form of investment contracts issued by Voyager Financial Group, LLC ("Voyager") to 12 investors.

Voyager is a Delaware limited liability company with a principal business address in Little Rock, Arkansas. Voyager identifies pension income stream sellers, usually retired or disabled veterans, receiving either monthly pension payments or disability payments ("pensioner"). The Defendant was recruited by Voyager and others to become part of Voyager's network of independent sales agents. As an independent sales agent, the Defendant sought out and solicited investors to purchase contractual assignments of pension or disability income streams and Voyager products in exchange for sales commissions. Voyager and its sales agents promote investment transactions between investors and the pensioners whereby, for a lump-sum payment from the investor, the pensioner assigns to the investor the right to receive an income stream from the pensioner's monthly pension or disability payments for a pre-determined period of time, typically several years. The investors do not receive an ownership interest in the underlying asset that provides the payments to the pensioner.

Voyager drafts and supplies all of the paperwork and contracts signed by the investor. Voyager provided the Defendant with spreadsheets listing the various pension types and payment amounts for sale. Investors receive monthly payments from the pensioners, facilitated by an escrow company which the Division alleges also was controlled by Voyager. On several occasions, the pensioners redirected payments away from the escrow company, thereby discontinuing payments to the investor. This is known as a "redirect." If a pensioner ceases to send their monthly pension or disability payment to the Voyager-controlled escrow company and consequently to the investor (redirect), the investor must rely upon their contract with the pensioner to enforce their legal claim to the income stream. The Division contends neither Voyager nor the agents, including the Defendant, adequately disclosed this redirect risk to potential investors.

Nine of the 21 investments are no longer performing. The Defendant's Voyager-purchasing clients have lost approximately \$200,000. The Defendant provided investors with Voyager's marketing materials and contracts. These materials did not mention the redirect risk. The Division alleges that the Defendant failed to adequately disclose the redirect risk and the potential risk of default of Voyager's products to Voyager investors.

The Division contends that Voyager's pension income stream investments, described above, constitute investment contracts, and therefore, a security, pursuant to § 13.1-501 A of the Act. The Division has no record that the Voyager contracts were registered as securities or otherwise exempt from registration.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-502 (2) of the Act by directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading when he failed to adequately disclose the high risk of default and the redirect risk of the investment; (ii) § 13.1-504 A (i) of the Act by transacting business in Virginia without duly being registered with the Division as an agent of the issuer, Voyager; and (iii) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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"). The Defendant offered to pay restitution to four investors who also are family members of the Defendant. All four investors declined.

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 partial restitution to eight (8) Voyager investors in the total amount of One Hundred Five Thousand Dollars (\$105,000). Restitution shall be paid by the Defendant within two (2) years of the date of entry of this Order.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) to defray the costs of investigation.

(3) The Defendant will provide a copy of this Order to the Voyager investors.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

**CASE NO. SEC-2014-00030
SEPTEMBER 21, 2015**

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

v.
EUGEN MACOVEI
and
RESOL, LLC,
Defendants

JUDGMENT ORDER

On January 28, 2015, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Eugen Macovei ("Macovei") and ReSol, LLC (collectively, "Defendants") based upon allegations made by the Commission's Division of Securities and Retail Franchising ("Division"). Specifically, the Division alleged that the Defendants violated §§ 13.1-502 (2), 13.1-504, and 13.1-507 of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia ("Act"), by making material misrepresentations and/or omissions associated with the offer and sale of securities, by offering and selling unregistered securities, by employing an unregistered agent in the offer and sale of securities, and by offering and selling securities as an unregistered agent.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for March 11, 2015. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before February 27, 2015, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses they intended to assert. The Rule also advised the Defendants that they may be found in default if they failed to either timely file a responsive pleading or if they failed to appear at the hearing.

On February 27, 2015, the Division, by counsel, filed a Motion to Amend Rule to Show Cause and to Continue the Hearing Date. Based on the return receipts received from the United States Postal Service ("USPS"), the Division questioned whether adequate service of the Rule on the Defendants was obtained. The Division requested, among other things: (i) alternate service of an Amended Rule to Show Cause ("Amended Rule"); (ii) that the evidentiary hearing scheduled for March 11, 2015, be cancelled and the hearing date continued to May 13, 2015; and (iii) that the Commission enter an Amended Rule providing for proper service, a rescheduled evidentiary hearing, and revised response dates for the Defendants.

By Hearing Examiner's Ruling and Certification to the Commission entered on March 2, 2015, the evidentiary hearing scheduled for March 11, 2015, was cancelled and the case was certified to the Commission for the entry of the Amended Rule.

On March 11, 2015, the Commission entered the Amended Rule.

The Amended Rule hearing was convened as scheduled on May 13, 2015. The Division appeared by its counsel Donnie L. Kidd, Esquire. The Defendants failed to appear. The Division presented evidence that the Amended Rule was served on the Defendants via the Secretary of the Commonwealth on March 12, 2015.¹ The Amended Rule also was mailed by certified mail, return receipt requested, to the Defendants at their last known addresses via USPS.² The return receipts indicated that Macovei was not known at his home address and that he left no forwarding address, and that ReSol's business office was vacant and that it had left no forwarding address.³ The Prince William County, Virginia, Sheriff's Office attempted to personally serve Macovei at his home address, and he could not be found at that residence.⁴ Counsel for the Division stated that he had received correspondence indicating that Macovei may have moved to Cuenca, Ecuador, sometime in 2014⁵ and that he had made unsuccessful attempts to contact Macovei by e-mail at his personal and business e-mail addresses.⁶ In addition, the testimony of Tom Bayly, an investigator with the Division's Enforcement Section, was presented along with supporting exhibits.

At the commencement of the Amended Rule hearing, the Division made a Motion for Default Judgment based on the Defendants' failure to file an answer or other responsive pleading to the Amended Rule and the Defendants' failure to appear at the hearing. The Division's Motion for Default Judgment was taken under advisement.⁷

On June 11, 2015, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of the case as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that Macovei violated: (i) § 13.1-502 (2) of the Act by making material misrepresentations and/or omissions associated with four (4) sales of securities (in the form of promissory notes) and should be fined \$10,000 for each for an amount totaling \$40,000. Furthermore, the evidence supported four (4) additional violations of § 13.1-502 (2) of the Act beyond those pursued by the Division and Macovei should be fined \$10,000 for each violation for an amount totaling \$40,000; (ii) § 13.1-504 A of the Act by making two (2) sales of securities (in the form of promissory notes) without being registered to do so and should be fined \$10,000 for each violation for an amount totaling \$20,000; and (iii) § 13.1-507 of the Act by selling two (2) unregistered securities (in the form of promissory notes) and should be fined \$10,000 for each violation for an amount totaling \$20,000.

The Hearing Examiner also found that the Division established by clear and convincing evidence that ReSol, LLC violated § 13.1-504 B of the Act by employing an unregistered agent, Macovei, in the offer and sale of two (2) securities (in the form of promissory notes) and should be fined \$10,000 for each violation for an amount totaling \$20,000.

The Hearing Examiner also ordered that Macovei pay \$14,000 to cover the cost of the Division's investigation. The Hearing Examiner, however, recommended that the penalties and costs of investigation be waived if the Defendants made restitution in the amount of \$210,000 to the Complainant Virginia investor within 30 days of the date of the entry of a Judgment Order.

In addition, the Hearing Examiner recommended that the Division's Motion for Default Judgment should be granted and the Defendants be permanently enjoined from transacting any securities business in Virginia and violating the Act in the future.

NOW THE COMMISSION, upon consideration of the Amended Rule, the record, the Hearing Examiner's Report, and the applicable statutes is of the opinion and finds that: (1) the Division established by clear and convincing evidence that the Defendants violated the statutes as set forth in the Amended Rule; and (2) the Hearing Examiner's findings and recommendations as set forth below are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

- (1) The Division's Motion for Default Judgment is hereby GRANTED.
- (2) Pursuant to § 13.1-521 A of the Act, Macovei shall be penalized in the amount of \$80,000, and ReSol, LLC shall be penalized in the amount of \$20,000 for violations of the Act as set forth in the Amended Rule.
- (3) Pursuant to § 13.1-518 of the Act, Macovei shall be penalized in the amount of \$14,000 to cover the costs of the Division's investigation.
- (4) Pursuant to § 13.1-521 C of the Act, the Commission shall waive the monetary penalties and costs of investigation if the Defendants pay restitution in the total amount of \$210,000 to the Complainant Virginia investor within thirty (30) days of the entry of this Judgment Order.
- (5) Pursuant to § 13.1-519 of the Act, the Defendants are hereby PERMANENTLY ENJOINED from: (i) transacting any securities business in Virginia; and (ii) violating the Act in the future.
- (6) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

¹ Ex. 1.

² Exs. 2 and 3.

³ *Id.*

⁴ Ex. 4.

⁵ Ex. 5.

⁶ Exs. 6 and 7.

⁷ Tr. at 6.

**CASE NO. SEC-2014-00035
SEPTEMBER 11, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WELLS FARGO ADVISORS, LLC,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of Wells Fargo Advisors, LLC ("Wells Fargo Advisors" or "Defendant") and Christopher M. Cunningham ("Cunningham"), 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: Wells Fargo Advisors has been a registered broker-dealer with the Commission since December 1, 1989, and registered as a federal-covered investment advisor¹ with the United States Securities and Exchange Commission since October 10, 1990. Wachovia Securities, LLC (Wells Fargo Advisors' predecessor) and Wells Fargo Advisors employed Cunningham (CRD # 2390800) as a broker-dealer agent and an investment advisor representative from June 6, 2005 to his involuntary termination on October 15, 2009.

During his employment with Wells Fargo Advisors, Cunningham obtained \$434,780 from five residents of the Commonwealth of Virginia ("Virginia") through seven separate solicitations from 2005 to 2009. Four of these individuals were clients of Wells Fargo Advisors at the time of the solicitation. The fifth later became a client of Wells Fargo Advisors. Cunningham represented each solicitation as an investment into his companies, Rock Solid Distributors, LLC, and SGI, LLC, and his business partner's company, Island Style Consulting, LLC. At least half of the money was used for Cunningham's personal benefit. Cunningham repaid one client \$48,000. Three of the clients are deceased, but are survived by their spouse or children.

Based on these activities and other similar activities contributing to a \$1.2 million fraud, Cunningham pled guilty in the U.S. District Court for the Eastern District of Virginia to one count of wire fraud on July 8, 2014, and was sentenced on October 10, 2014, to 57 months in prison.

Wells Fargo Advisors violated the Act and the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents, and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules") by failing to: (1) supervise Cunningham who engaged in dishonest and unethical practices, (2) properly review customer accounts, (3) enforce its written policies and procedures, and (4) provide proper disclosures to clients and regulatory authorities. In addition, most of the alleged violations involved elderly Wells Fargo Advisors customers.

Wells Fargo Advisors received two complaints referencing Cunningham's actions when he was employed by Morgan Stanley DW Inc. ("Morgan Stanley") within 14 months of hiring Cunningham. One of these complaints was denied by Morgan Stanley. The second complaint was eventually settled by Cunningham while he was employed by Wells Fargo Advisors. Wells Fargo Advisors did not take any remedial action to ensure that the alleged offenses outlined in these complaints were legitimate or prevent the alleged offenses from occurring again while Wells Fargo Advisors employed Cunningham. Wells Fargo Advisors failed to follow up with Cunningham regarding the status of his outside business brought to light by the customer complaints.

During his employment with Wells Fargo Advisors, Cunningham obtained \$434,780 from five Virginia residents through seven separate solicitations from 2005 to 2009. Four of these individuals were clients of Wells Fargo Advisors at the time of the solicitation. The fifth later became a client of Wells Fargo Advisors. These funds were in exchange for unregistered securities related to Cunningham's and his business partner's companies. Wells Fargo Advisors failed to prevent or address these transactions on a timely basis.

Many of the unsupervised transactions involved debit memos requested by Cunningham directly from Wells Fargo Bank, N.A. employees. Wells Fargo Advisors neglected to establish sufficient boundaries between the banking and brokerage sides of its offices where Cunningham was located.

Wells Fargo Advisors failed to conduct a complete review of at least one client's account to determine if there were any conflicts of interest or other risk factors. Wells Fargo Advisors identified this account "in the care of" Cunningham's wife, who was sanctioned by the Financial Industry Regulatory Authority ("FINRA").²

Wells Fargo Advisors failed to thoroughly review Cunningham's customer accounts or take action when digital account alerts relating to Cunningham's customer accounts were generated by Wells Fargo Advisors' systems.

Wells Fargo Advisors failed to ensure Cunningham did not abuse personal banking privileges or monitor Cunningham's relationship with others for conflicts of interest.

Wells Fargo Advisors failed to disclose all the reasons related to Cunningham's involuntary termination on Cunningham's Uniform Termination Notice for Securities Industry Registration Form U5 and report a customer complaint to FINRA.

Wells Fargo Advisors failed to disclose to Cunningham's elderly clients that Cunningham had previously sold unregistered securities that were unauthorized by Wells Fargo Advisors. After receiving information that a customer invested in one of Cunningham's companies, Wells Fargo Advisors failed to disclose the risk associated with investing in an unregistered security.

¹ Federal covered advisors are required to notice file in the states in which they conduct business.

² Edith Mechling's CRD report states that she was suspended from association with any NASD member in any capacity for three months, April 3, 2006 to July 2, 2006.

Wells Fargo Advisors failed to disclose to a customer that Cunningham had possession of the customer's checkbook. In addition, Wells Fargo Advisors failed to disclose an uncashed check for a client found in Cunningham's desk.

Based on the investigation, the Division alleges the Defendant committed multiple violations of: (i) Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over the securities activities of its agent; (ii) Rule 21 VAC 5-20-260 D (2) by failing to monitor and conduct frequent examinations of all customer accounts to detect and prevent irregularities or abuses; and (iii) Rule 21 VAC 5-20-260 D by failing to enforce its written policies and 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.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

Prior to the date of this Order, the Defendant offered to pay restitution totaling \$386,780 to clients or beneficiaries. The Defendant paid the amounts applicable to each customer who accepted the Defendant's offer.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order the amount of One Hundred Fifty Thousand Dollars (\$150,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Fifty-five Thousand Dollars (\$55,000) to defray the costs of investigation.

(3) The Defendant will provide each customer offered restitution a copy of this Order within ten (10) days of the date of its entry.

(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-2014-00040
NOVEMBER 18, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

MR. OIL SAVER, LLC

and

CHRISTOS M. DASKALAKIS,

Defendants

ORDER AMENDING SETTLEMENT ORDER

On November 25, 2014, the State Corporation Commission ("Commission") entered into a Settlement Order with Mr. Oil Saver, LLC and Christos M. Daskalakis ("Daskalakis") (collectively, "Defendants"). In the Order, among other things, the Defendants agreed to resolve pending allegations of violations of the Virginia Retail Franchising Act, § 13.1-557 *et seq.* of the Code of Virginia, by: (1) neither admitting nor denying the allegations; (2) each paying \$50,000, for an amount totaling \$100,000, in monetary penalties that would be waived if the Defendants paid restitution totaling \$18,000 to the three Virginia franchisees within two years of the date of entry of the Settlement Order; and (3) pay within one year of the date of entry of the Settlement Order the amount of \$5,000 to defray the costs of investigation.

On October 23, 2015, the Defendants, by counsel, filed a Motion to Amend the Settlement Order to Reduce Investigative Fee Or In The Alternative Expand the Time for Payment ("Motion to Amend"). The Motion to Amend requested that the Settlement Order be amended to reduce the

amount of the costs of investigation from \$5,000 to \$1,000 or, in the alternative, to extend the deadline for payment of the \$5,000 by two additional years to November 25, 2017. In support of the Motion to Amend, the Defendants supplied an affidavit of Daskalakis in which he stated that Mr. Oil Saver, LLC no longer conducts business, has no assets or income, and therefore is without means to comply with the Settlement Order. In addition, Daskalakis stated that in July 2015 he filed for personal bankruptcy under Chapter 13 of the United States Bankruptcy Code.

The Division of Securities and Retail Franchising ("Division") agreed to accept the \$1,000 reduced payment for costs of investigation based on the financial hardship of the Defendants. On November 5, 2015, the Division received and accepted a certified check in the amount of \$1,000. All other terms and conditions set forth in the Settlement Order remain unchanged.

NOW THE COMMISSION, upon consideration of the Motion to Amend and the Defendants' payment of the costs of investigation, is of the opinion and finds that the Settlement Order in this matter should be amended to reflect the reduction in the costs of investigation, from \$5,000 to \$1,000, and that such amount has been paid in full.

Accordingly, IT IS ORDERED THAT:

- (1) The Settlement Order in this matter is amended to reduce the costs of investigation from Five Thousand Dollars (\$5,000) to One Thousand Dollars (\$1,000), and such payment has been received and accepted by the Division.
- (2) All other terms and conditions of the Settlement Order will remain the same.
- (3) The Commission retains jurisdiction over this matter for all purposes, and this matter is continued pending further order of the Commission.

**CASE NO. SEC-2014-00045
JANUARY 30, 2015**

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

v.
J.W. KORTH & COMPANY, LP,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of J.W. Korth & Company, LP ("Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code") and alleges as follows:

The Defendant has been registered as a broker-dealer with the Commonwealth of Virginia ("Virginia") since January 13, 1998. The Defendant employed an agent from April 4, 2011, until August 26, 2013. During that time, the agent liquidated previously held assets of a Virginia investor and then offered and sold the Virginia investor a security. The agent was not registered to offer or sell securities in Virginia. Therefore, the Defendant employed an unregistered agent during this time in violation of § 13.1-504 B of the Act.

The Virginia investor completed a New Account form for the Defendant. On this form, the Virginia investor's Liquid Assets are listed as "Under \$100,000." This information is incorrect and material in determining suitable investments, and the failure to make sure that the information on the New Account form is correct is a violation of 21 VAC 5-20-240 of the Commission's Rules Governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules"), which requires the broker-dealer to maintain true and accurate records.

Based on the investigation, the Division alleges the Defendant violated: (i) § 13.1-504 B of the Act by employing an unregistered agent in the offer and sale of securities; and (ii) Rule 21 VAC 5-20-240 by failing to make and keep true, accurate and current, and preserve the books and records relating to its business.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits it erred in failing to correct the liquid net worth error on the New Account Form for the Virginia investor and admits it erred in assuming the transactions for the Virginia investor were exempt for either being isolated or de minimis. The Defendant admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Eight Thousand Dollars (\$8,000) 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 not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2014-00050
JANUARY 8, 2015**

IN THE MATTER OF
JAMES F. CRAWFORD
and
NEAL M. WOODARD

UNDER THE SECURITIES ACT OF VIRGINIA

ORDER IMPOSING SPECIAL SUPERVISORY PROCEDURES

On July 8, 2013, the State Corporation Commission ("Commission") entered an order in Case No. SEC-2013-00003¹ in which, as a condition to the registration of James F. Crawford, CRD #1327638, and Neal M. Woodard, CRD #5461015 (collectively, "Applicants"), as agents under the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, imposed certain special supervisory procedures ("Supervision") upon Independent Finance Group, LLC ("IFG"), the Applicants' employing broker-dealer.

The Applicants have requested to become agents for a new broker-dealer, Concorde Investment Services, LLC ("Concorde"). As a condition of registration of Applicants as agents under the Act, Concorde has offered and agreed to implement and be bound by the following conditions and special supervisory procedures:

(1) The Applicants will be placed on special supervision for a period of time ending January 1, 2017 ("probation period"). During the probation period, the Applicants agree to submit to, and Concorde agrees to perform, at least two random audits of their client files to ensure their compliance with Concorde's internal compliance guidelines and the Commission's Rules and regulations, the requirements of the Act, and all other applicable rules and regulations and statutory requirements.

(2) If Concorde discovers any irregularity or deficiency in connection with any audit as it relates to the offer or sale of securities by the Applicants to any firm client, Concorde shall promptly notify the Division of Securities and Retail Franchising ("Division") in writing within fifteen (15) days of completion of the audit of any such irregularity or deficiency.

(3) Concorde will be required to submit to the Division, either directly or on their behalf, a report within thirty (30) days of the end of each quarter until the last report ending on December 31, 2016. The report shall detail all sales of alternative investments made by the Applicants during the quarter to any client. The first such report shall be submitted to the Division thirty (30) days after the end of the first quarter for 2015. The report shall identify:

- (a) the name of the client;
- (b) contact information for the client;
- (c) the products purchased by the client and the date upon which the product was purchased;
- (d) the total amount invested by the client in these products and the corresponding percentage these alternative investment products comprise of the clients total investment portfolio;
- (e) the date upon which the client opened his/her brokerage account with Concorde;
- (f) the client's age, income at the time of sale, and net worth exclusive of personal residence; and
- (g) the risk tolerance of the client as reported on the client's account form.

¹ *In the Matter of James F. Crawford and Neal M. Woodard, Defendants*, Case No. SEC-2013-00003, 2013 S.C.C. Ann. Rept. 481, Order Imposing Special Supervisory Procedures (July 8, 2013).

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(4) It is recognized and understood that if the Applicants or Concorde fail to comply with any of the foregoing terms and undertakings, the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding for contempt, or under the Act, and the Commission's Rules Governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.*, based upon such failure to comply.

NOW THE COMMISSION, upon consideration of this matter and the recommendation of the Division, is of the opinion and finds that the parties' offer should be accepted and that the Applicants should be subject to special supervisory procedures.

Accordingly, IT IS ORDERED THAT:

- (1) Upon the entry of this Order, the special supervisory procedures imposed by the Commission in Case No. SEC-2013-00003 are hereby removed.
- (2) The imposition of the special supervisory procedures set forth in this Order shall not relieve Concorde or the Applicants of the duty and responsibility to comply with all applicable rules, regulations and procedures imposed by this Commission, any other regulatory agency or organization, or the broker-dealer.
- (3) The special supervisory procedures set forth in this Order shall remain in full force and effect until January 1, 2017.
- (4) This case is generally continued.

**CASE NO. SEC-2014-00055
JANUARY 8, 2015**

APPLICATION OF
IMPACTASSETS, 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 ImpactAssets, Inc. which the Commission received with attached exhibits, as subsequently amended. The application requested that ImpactAssets, Inc.'s Microfinance Plus 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) ImpactAssets, Inc., is a nonstock Maryland corporation operating not for private profit but exclusively for charitable purposes; (ii) ImpactAssets, Inc., intends to offer and sell the Notes in an approximate aggregate amount of up to \$100,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) the Notes are to be offered and sold only by an agent of ImpactAssets, Inc., registered under the Act.

Based on the facts asserted by ImpactAssets, Inc., in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2014-00056
JANUARY 8, 2015**

APPLICATION OF
IMPACTASSETS, 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 ImpactAssets, Inc., which the Commission received with attached exhibits, as subsequently amended. The application requested that ImpactAssets, Inc.'s, Global Sustainable Agriculture 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) ImpactAssets, Inc., is a nonstock Maryland corporation operating not for private profit but exclusively for charitable purposes; (ii) ImpactAssets, Inc., intends to offer and sell the Notes in an approximate aggregate amount of up to \$75,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) the Notes are to be offered and sold only by an agent of ImpactAssets, Inc., registered under the Act.

Based on the facts asserted by ImpactAssets, Inc., in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2015-00001
JANUARY 15, 2015**

APPLICATION OF
THE REINVESTMENT FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Reinvestment Fund, Inc. ("Reinvestment Fund"), which the Commission received October 22, 2014, with attached exhibits, as subsequently amended. The application requested that Reinvestment Fund's 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, and that certain officers and directors of Reinvestment Fund be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Reinvestment Fund is a Pennsylvania corporation operating not for private profit but exclusively for charitable and educational purposes; (ii) Reinvestment Fund intends to offer and sell Notes in an approximate aggregate amount of up to \$5,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) said securities are to be offered and sold by officers and directors of Reinvestment Fund, who will not be compensated for their sales efforts.

Based on the facts asserted by Reinvestment Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act, and the officers and directors of Reinvestment Fund are exempted from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2015-00002
JUNE 26, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TMA FRANCHISE SYSTEMS, INC.
D/B/A THE MOSQUITO AUTHORITY
and
JOSEPH D. OSBORNE,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of TMA Franchise Systems, Inc. d/b/a The Mosquito Authority ("The Mosquito Authority") and Joseph D. Osborne ("Osborne") (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").

The Mosquito Authority, a North Carolina corporation, incorporated on December 2, 2011. The Division alleges that The Mosquito Authority, along with its predecessor, TMA Franchise Systems, LLC, began offering and selling Virginia-based franchises as early as February 2010. At all relevant times, Osborne was president of The Mosquito Authority or TMA Franchise Systems, LLC.

The Mosquito Authority's franchise has never been registered with the Division to offer and sell franchises to be located in Virginia. On September 14, 2014, The Mosquito Authority self-reported to the Division the offer and sale of unregistered Virginia-based franchises. Based on the Division's investigation, it alleges sales to at least 11 franchisees. Thus, the Division alleges that The Mosquito Authority violated the registration requirements of the Act.

The Division further alleges that because The Mosquito Authority never registered to offer and sell franchises with the Division, it did not provide appropriately cleared disclosure documents to the Virginia-based franchisees identified in paragraph 3. To ensure prospective franchisees receive material information about a franchise prior to their purchase, the franchise's Franchise Disclosure Document ("FDD"), franchise agreement, and FDD attachments must be cleared for use by the Division prior to prospective franchisees receiving them. Prospective franchisees can then make an informed decision as to whether they should enter into a franchise agreement.

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 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.

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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 Twenty Thousand Dollars (\$20,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of Two Thousand Five Hundred Dollars (\$2,500) to defray the costs of investigation.

(3) The Defendants will provide a copy of this Order to each Virginia franchisee. Within sixty (60) days after entry of this Order, the Defendants will submit an affidavit to the Division confirming that it provided a copy of the Order to each Virginia franchisee.

(4) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

Dismissal of this case does not relieve the Defendants from their reporting obligations to any regulatory authority.

**CASE NO. SEC-2015-00007
FEBRUARY 9, 2015**

APPLICATION OF
GROUND FLOOR REAL ESTATE, 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, LLC ("Groundfloor"), dated August 25, 2014, with attached exhibits, and subsequently amended, requesting that Participation Interests ("Interests") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act, § 13.1-501 *et seq.* of the Code of Virginia. The requisite fee of Five Hundred Dollars (\$500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Groundfloor is a Georgia limited liability company; and (ii) Groundfloor intends to offer and sell Interests for an aggregate amount of up to \$5,000,000. The Interests 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 ("Division"), is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in Virginia through an offering circular, a copy of which is filed as a part of the record.

No material change in Groundfloor's conditions or terms of offering may be made in the offering circular without prior submission to the Division and acceptance by the Commission.

**CASE NO. SEC-2015-00008
MARCH 27, 2015**

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

v.

C & C FRANCHISING, INC. D/B/A JANI-KING OF HAMPTON ROADS,
JANI-KING OF RICHMOND,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of C & C Franchising, Inc. d/b/a Jani-King of Hampton Roads, Jani-King of Richmond ("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 Texas-based corporation that has been registered with the Clerk of the Commission since October 12, 1993, being reinstated on November 15, 1996. Jerry L. Crawford is its president.

The Defendant placed advertisements in Virginia newspapers purportedly containing misleading financial representations as to the monthly return on investment prospective franchisees could earn if they were to enter into a franchise agreement. The reported monthly return on investment amounts failed to account for various fees that would have to be subtracted from the income earned by the prospective franchisee. Therefore, it would not be possible for a prospective franchisee to ever earn the advertised return on investment.

Based on its investigation, the Division alleges that the Defendant violated § 13.1-563 (2) of the Act by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise.

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 these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Twenty-five Thousand Dollars (\$25,000) in monetary penalties.

(2) The Defendant 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 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 filed 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-2015-00009
JULY 6, 2015**

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

v.

SHERRI'S FUN FOODS, INC.
D/B/A SHERRI'S CRAB CAKES

and

KEITH R. BEHNEY,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Sherri's Fun Foods, Inc. d/b/a Sherri's Crab Cakes ("Sherri's Crab Cakes") and Keith R. Behney ("Behney") (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").

Sherri's Crab Cakes, a Pennsylvania corporation, incorporated on January 31, 2001. Behney has been the president of Sherri's Crab Cakes since its inception. Sherri's Crab Cakes is a mobile food service operation, generally serving fairs, festivals and similar events. Neither Sherri's Crab Cakes nor any of its affiliates have ever been registered to offer and sell franchises to be located in Virginia.

Sherri's Crab Cakes entered into a purported Distributor Agreement in December 2010 with a Virginia- based Limited Liability Company ("Virginia Franchisee") for a location in Virginia. Based upon its investigation, the Division alleges that the Distributor Agreement constitutes a franchise which required registration with the Division prior to the offer and sale. Therefore, the Division alleges that an unregistered franchise sale took place.

Additionally, the Division alleges that Sherri's Crab Cakes failed to provide to the prospective Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division. A cleared FDD provides material information to prospective franchisees in order that they may make an informed decision as to 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: (i) § 13.1-560 of the Act by selling or offering to sell franchises in Virginia prior to registering under the provisions of the Act; and (ii) § 13.1-563 (4) of the Act by failing to, directly or indirectly, provide franchisees with (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").

Prior to the entry of this Order, the Defendants, through their affiliate, Sherri's Crab Cakes LLC, submitted a franchise registration application to the Division, to do business as Sherri's Crab Cakes.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of the Commonwealth ("Treasurer") of Virginia, contemporaneously with the entry of this Order, the amount of Three Thousand Five Hundred Dollars (\$3,500) in monetary penalties.

(2) The Defendants will pay to the Treasurer, contemporaneously with the entry of this Order, the amount of One Thousand Five Hundred Dollars (\$1,500) to defray the costs of investigation.

(3) The Defendants will provide a copy of this Order to the Virginia Franchisee.

(4) The Defendants (and their affiliates) 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.

**CASE NO. SEC-2015-00011
NOVEMBER 23, 2015**

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. ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

The Defendant has been registered as a broker-dealer with the Commonwealth of Virginia ("Virginia") since March 1999. From March 2008 until January 2013, the Defendant employed Erryn M. Barkett ("Barkett") as a registered broker-dealer agent. Beginning in April 2011 and ending in November 2011, the Division alleges Barkett sold approximately \$445,000 in unregistered securities in the form of seven investment contracts issued by Voyager Financial Group, LLC ("Voyager") to four Virginia investors. All four of these Voyager investors were the Defendant's clients at the time of the sale.

Voyager was a Delaware limited liability company with a principal business address in Little Rock, Arkansas. Voyager identified pension income stream sellers, usually retired or disabled veterans, receiving either monthly pension payments or disability payments ("pensioner"). Voyager and others recruited Barkett to become part of Voyager's network of independent sales agents. As an independent sales agent, Barkett sought out and solicited individuals to purchase contractual assignments of pension or disability income streams in exchange for sales commissions.

Voyager and its sales agents promoted financial arrangements between investors and the pensioners whereby, for a lump-sum payment from the investor, the pensioner assigned to the investor the right to receive an income stream from the pensioner's monthly pension or disability payments for a predetermined period of time, typically several years. The investors never received an ownership interest in the underlying asset that provided the payments to the pensioner.

Voyager drafted and supplied all of the paperwork and contracts signed by the investors. Voyager provided Barkett with spreadsheets listing the various pension types and payment amounts for sale. Investors received monthly payments from the pensioners, facilitated by an escrow company which Voyager controlled. However, in marketing the product, Voyager and its sales agents, including Barkett, failed to disclose material risk regarding the potential for pensioners to redirect payments away from the Voyager-controlled escrow company, thereby discontinuing payments to the investors. This is known as a "redirect." If a pensioner ceases to send their monthly pension or disability payment to the Voyager-controlled escrow company and consequently to the investor (redirect), the investor must rely upon their contract with the pensioner to enforce their legal claim to the income stream. The Division contends neither Voyager nor the agents, including Barkett, adequately disclosed this redirect risk to potential investors.

All seven Voyager products the Defendant's clients purchased are no longer performing. As a result, these clients have lost approximately \$330,000. The Defendant's employee at the time, Barkett, provided investors with Voyager's marketing materials and contracts. These materials did not mention the redirect risk and the potential risk of default of Voyager's products to Voyager investors.

Based on the investigation, the Division alleges the Defendant violated 21 VAC 5-20-260 B of the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.*, by failing to exercise diligent supervision over the securities activities of its agent, Barkett.

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").

Prior to the entry of this Order, the Defendant paid \$113,333.33 to a Voyager-purchasing client to settle a Statement of Claim that the client filed with the Financial Industry Regulatory Authority. In addition, the Defendant offered its other Voyager-purchasing clients \$141,405.69 in restitution.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

- (1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of 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 Eight Thousand Dollars (\$8,000) to defray the costs of investigation.
- (3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

Dismissal of this case does not relieve the Defendant from its reporting obligations to any regulatory authority.

**CASE NO. SEC-2015-00012
JUNE 4, 2015**

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

v.

ELITE SPORTS ENTERPRISES, INC.,
WILLIAM JOHN SCHMELZ, III,
and
BLAKE SONNEK-SCHMELZ,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Elite Sports Enterprises, Inc. ("Elite Sports"), William John Schmelz, III, and Blake Sonnek-Schmelz (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").

Elite Sports, a New Jersey corporation organized in September 2001, offers Soccer Post franchises. The Soccer Post franchise is a retail store offering soccer equipment, athletic footwear, and related sports apparel and accessories. William John Schmelz, III, Blake Sonnek-Schmelz, and Brent Sonnek-Schmelz co-own and operate Elite Sports.

Elite Sports was registered with the Division to offer and sell Soccer Post franchises to be located in the Commonwealth of Virginia ("Virginia") from August 13, 2004, to August 13, 2006. Between February 2009 and January 2011, the Defendants offered and sold two unregistered Soccer Post franchises to be located in Virginia.

The Defendants omitted to state a material fact by failing to provide audited financial statements or any financial disclosure to the prospective franchisees. At the time of the unregistered sales, the Commission Rules required Elite Sports to provide audited financial statements for their previous three fiscal years to the prospective franchisees.

The Defendants failed to provide Franchise Disclosure Documents ("FDD") reviewed by the Division to prospective franchisees in connection with these unregistered sales.

The FDD, franchise agreement, and FDD attachments are reviewed by the Division to ensure material information is provided before these documents are allowed to be given to a prospective franchisee. Prospective franchisees can then make an informed decision as to whether they should enter into a franchise agreement. Because the FDD was not reviewed by the Division, the Division alleges that regulatory oversight was circumvented.

On April 1, 2015, Elite Sports submitted a franchise registration application to the Division, and the application is currently pending.

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; (ii) § 13.1-563 (2) of the Act by making untrue statements of a material fact or omitting to state a material fact necessary in order to avoid misleading the offeree in connection with the sale or offer to sell a franchise; and (iii) § 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) The Defendants will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Twenty Thousand Dollars (\$20,000) in monetary penalties.

(2) The Defendants 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 Defendants will provide a copy of this Order to current Virginia franchisees, Soccer 10, LLC, and Free Kick Enterprises, Inc. Within 60 days after entry of this Order, the Defendants will submit an affidavit to the Division confirming that it provided a copy of the Order to current Virginia franchisees, Soccer 10, LLC, and Free Kick Enterprises, Inc. As part of the affidavit, the Defendants will include copies of certified mail receipts as evidence of the mailing.

(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 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-2015-00014
MARCH 30, 2015**

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: www.scc.virginia.gov.

Chapter 354, 2015 Acts of the Assembly, provides for a new exemption for certain securities offerings known as the "Intrastate Crowdfunding Exemption" ("ICE"). As a result of this new legislation, the Division of Securities and Retail Franchising ("Division") submitted to the Commission a set of rules to effectuate the new legislation to be placed in section 190 of Chapter 40 of Title 21 of the Virginia Administrative Code entitled "Securities Act Rules" ("Rules"). In addition, the Division has offered some additional minor, grammatical, and technical changes to its Rules in Chapter 20, Chapter 45, and Chapter 80.

Proposed Revisions to Chapter 40. Intrastate Crowdfunding Exemption.

Chapter 354, as passed by the Virginia General Assembly, provides for an exemption from the registration provisions of the Act for certain intrastate offerings known as "crowdfunding." Crowdfunding began as a way for the public to donate small amounts of money, often through social networking websites, to help artists, musicians, film makers, charities and other people to finance their projects. This initial concept has been promoted as a way of assisting small businesses and start-ups looking for investment capital to help their business ventures off the ground.

The Jumpstart Our Business Startups ("JOBS") Act was passed on April 5, 2012. The JOBS Act provided, in part, that the Federal Securities and Exchange Commission ("SEC") promulgate rules that would provide the basis for a federal exemption for these small business offerings. The SEC proposed rules on October 23, 2013,¹ but have yet to adopt the regulations. The states, in an effort to provide support to local small businesses determined to move forward to provide crowdfunding options for their citizens.

¹ SEC Release Nos. 33-9470; 34-70741; File No. S7-09-13, RIN 3235-AL37.

The Virginia General Assembly proposed several bills in the 2014 session, but the legislation was delayed due to the pending federal rules. Since the federal rules have not been adopted, the General Assembly moved forward with a proposal for Virginia. Several bills were introduced, and SB 763 was signed by the governor on March 19, 2015, as the Virginia Intrastate Crowdfunding Exemption.

The new legislation, Chapter 354, permits the Commission to adopt rules to effectuate ICE in several areas: (1) aggregate price of securities in an offering under this exemption; (2) total consideration paid by any purchaser; (3) compensation to be paid to employees, agents or other persons for the solicitation of, or based on the sale of, securities in connection with an offering under this exemption; (4) disqualification of the issuer or any person related to the issuer; (5) conditions on the offering including: (i) restrictions on the nature of the issuer, (ii) limitations on the number and manner of offerings, (iii) disclosures required to be provided to the investors, including risk disclosures, (iv) escrow requirements, (v) notice filings and other materials related to the offering; (5) filing fee; and (6) reporting requirements.

The Division proposes to adopt a new Rule at 21 VAC 5-40-190 that addresses the provisions of Chapter 354. The Division reviewed the provisions of other state crowdfunding exemptions in order to be as consistent as possible with crowdfunding in other states. Major highlights of the proposed rules are:

- Limiting the aggregate price of the offering to \$2 million;
- Requiring certain financial statements that vary depending on the amount of the offering;
- Requiring an exemption filing, which includes a Form ICE, filing fee and disclosures, at least 20 days prior to an offer of securities or use of any publicly available website in connection with the offering;
- Imposing conditions on offers and sales over the Internet;
- Requiring reports to investors and the Commission; and
- Prohibiting the use of the exemption with other exemptions, as well as disqualifications for use of the exemption.

Proposed Revisions to Chapter 20. Broker-dealers and agents.

Certain Canadian broker-dealers requested that the Commission consider granting them relief from the prohibited business conduct regulations found in Section 280 of Chapter 20. These firms argued that they already are under a strenuous regulatory structure in Canada and that it would be burdensome for them to also try to comply with the various state regulatory requirements. While the proposed amendments to section 86 and 155 grant these firms and their agents relief from this section of the Commission's rules, each still will be subject to the anti-fraud provisions of the Act.

In addition, the Division proposes changes to subdivision 280 D 12 to address concerns regarding customer privacy. Therefore, the Division proposes to add privacy to the list of the standards promulgated by the Financial Industry Regulatory Authority Rules or the SEC.

In today's environment and with the continued advancement in online services, certain broker-dealers requested that the Division remove the requirement that customers opt-in to electronic delivery. Therefore, the Division proposes to amend subsection 280 A 10 to allow broker-dealers to deliver prospectuses either by hard copy or by electronic means. Broker-dealers will no longer be required to only allow electronic delivery if an investor "opts in" to such service.

Proposed Revisions to Chapter 45. Offerings conducted pursuant to Rule 506 of Federal Regulation D (17 CFR 2230.506): Filing requirements and issuer-agent exemption.

On September 23, 2013, the SEC approved rule proposals regarding Regulation D of Rule 506 of the Securities Act of 1933.² In addition to allowing general solicitation under a new provision 506 (c), the SEC adopted a new Form D. In order to allow issuers to make the appropriate notice filing under Regulation D, the Division proposes to update section 20 to reflect the adoption of new Form D. This new provision will allow filers to use the new form to file for Regulation D, Rule 506 (b) and 506 (c) offerings.

Proposed Revisions to Chapter 80. Investment Advisors.

Many of the proposed revisions are minor, including some technical and grammatical changes. There are proposed minor revisions in sections 130, 200 and 220.

The Division proposes to amend Subsection 130 B to clarify the examination qualifications for investment advisor representatives. Such representatives who meet the examination requirements under subsection A and are registered in any state jurisdiction will not have to retake the examination in Virginia as long as they have been registered within the two-year period immediately preceding the date of filing an application. In addition, certain examinations are waived under subsection 130 C if representatives currently hold and are in good standing with certain professional organizations.

The Division proposes to amend subdivision 200 A 14 to add privacy standards to the investment advisor rules, similar to that proposed for the broker-dealers.

The Division proposes to amend subparagraph 220 B1a to increase the dollar amount from \$750,000 to \$1 million under management for investment advisors who wish to contract with clients to be compensated on the basis of a share of the capital gains, or capital appreciation of the funds, or any portion of the funds under management. This increase will make this provision consistent with investment advisor rules imposed by the SEC.

² SEC Release Nos. 33-9415; No. 34-69959; No. IA-3624; File No. 57-07-12, RIN 3235-AL34.

The Division proposes to amend subparagraph 220 B1b to increase the net worth of the client from at least \$1.5 million to \$2 million. Again, this increase will make this provision consistent with investment advisor rules imposed by the SEC.

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 mail or e-mail request and also can be found at the Division's website: www.scc.virginia.gov/srf. Any comments to the proposed rules must be received by May 22, 2015.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before May 22, 2015. 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-2015-00014. 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>.

(3) The proposed revisions shall be posted on the Commission's website at: <http://www.scc.virginia.gov> 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 "Securities Rule Changes 2015" is on file and 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-2015-00014 JULY 20, 2015

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 March 30, 2015,¹ all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of revisions to Chapters 20, 40, 45 and 80 of Title 21 of the Virginia Administrative Code. On April 1, 2015, the Commission's Division of Securities and Retail Franchising ("Division") mailed and e-mailed the Order of the proposed rules to interested persons pursuant to the Virginia Securities Act ("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 requests for hearing with the Clerk of the Commission on or before May 22, 2015. 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 written comments from Carrie Roth of the Virginia Biotechnology Research Partnership Authority, which supported adopting the proposed rules. Michael Koffler, Esquire, of the law firm of Sutherland Asbill & Brennan LLP, submitted written comments on behalf of their broker-dealer clients, which supported the proposed amendments to rule 21 VAC 5-20-280 A 10.

The Commission also received two written comments objecting to certain portions of proposed new rule 21 VAC 5-40-190 relating to the proposed intrastate crowdfunding exemption ("ICE") passed by the 2015 Virginia General Assembly. J. Thomas O'Brien, Jr., Chairman, Business Law Council, Business Law Section of the Virginia Bar Association ("Business Law Section"), submitted written comments on behalf of the Business Law Section.² The Business Law Section discussed its concerns and requested changes regarding two aspects of the proposed rules: (1) the requirement for reviewed and audited financials for offerings of more than \$100,000 and \$500,000; and (2) the quarterly reporting requirements for so long as any shares sold in a crowdfunding offering remain outstanding.

Kirk T. Schroder, Esquire, of the law firm of Schroder Fidlow, PLC, submitted written comments and a request for hearing. Mr. Schroder's comments asserted that the proposed rules should: (1) require that intrastate crowdfunding exempt offerings occur only through registered Virginia funding portals; (2) give the funding portal the necessary authority to manage the crowd for the benefit of investors and offerors and to monitor compliance; (3) provide the funding portal a safe harbor from disputes between the investor and the offeror; and (4) establish a more appropriate cap of investor offerings at \$3 million.

By Order dated June 1, 2015,³ the Commission directed the Division to provide a written response to the comments submitted by the Business Law Section and Mr. Schroder regarding ICE and provided the Business Law Section and Mr. Schroder an opportunity to reply to the Division's comments.

¹ Doc. Con. Cen. No. 150330018.

² The Business Law Section filed its comments out of time on May 27, 2015.

³ Doc. Con. Cen. No. 150610007.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

On June 8, 2015, the Division filed its response ("Response"). Among other comments, the Division stated that the proposed rules provide for the development of funding portals but do not mandate their use. In addition, the Division provided statistical information from other states regarding their crowdfunding rules, including those states that mandate funding portals.⁴ The Division noted that only four of the 39 states that have adopted crowdfunding rules have mandated the use of funding portals, and nine additional states have pending rules that would mandate such portals.⁵ The Division also responded to comments regarding the maximum offering amount suggested by Mr. Schroder and his request that the proposal include a safe harbor for funding portals.⁶ The Division recommended that the Commission not adopt the changes requested by Mr. Schroder.

In addressing the Business Law Section's comments, the Division suggested several changes to the proposed ICE rules.⁷ These changes include: (1) adopting the Business Law Section's requested changes to the proposed rules' requirements concerning financial statements; (2) changing the reporting requirements from quarterly to annually; and (3) limiting the time period for this reporting to a period of three years after an offering closes.

With these changes the Division recommended that the Commission adopt the proposed rules with the proposed revisions.

On June 19, 2015, Mr. Schroder filed a reply to the Division's Response ("Reply").⁸ Mr. Schroder submitted additional information and argument supporting his requested changes to the proposed rules. He concluded that "[f]unding [p]ortals, not individual offerors, create, enhance and enable communities to positively affect crowdfunding efforts," and that "[w]ithout such a model, the proposed Virginia ICE rules will provide a lower than expected benefit to potential offerors and investors and may open unintended consequences from a new experimental approach that, while sounding good in theory, has no established track record."⁹ Mr. Schroder also requested that the Commission provide a safe harbor for funding portals.¹⁰ Finally, Mr. Schroder contemporaneously filed a letter with the Commission's Clerk, stating that "[t]his letter serves to amend my request in a letter to you, dated May 21, 2015, for a hearing on the above referenced matter and instead to request for oral argument on the matter," citing Rule 5 VAC 5-20-210 of the Commission's Rules of Practice and Procedure ("Commission Rules").¹¹

The Business Law Section did not file a reply to the Division's response.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the proposed amendments as recommended by the Division should be adopted.

The Commission notes that Mr. Schroder requests oral argument as permitted by 5 VAC 5-20-210 of the Commission's Rules. Pursuant to this Rule, oral argument is discretionary, not mandatory. In this instance, based on the consideration of the comments filed in this matter, we find that oral argument is not necessary in order to promulgate the ICE rules herein. The Commission has provided for initial and responsive comments to be filed in this matter, and this has given interested persons an opportunity to present all of their arguments supporting their requests. We find that the requested oral argument is neither required as a matter of law nor is it necessary to consider and rule on this matter.

The Commission has fully considered Mr. Schroder's requests and finds that, at this time, the proposed rules should not mandate the use of funding portals. Rather, we conclude that it is reasonable to allow the use of such portals to remain discretionary for the new crowdfunding business model. The Commission further observes that only four of 39 states that have decided this question mandate the use of funding portals, and only nine additional states currently have mandates pending. Moreover, without any further empirical evidence, the potential cost to issuers of a funding portal was a factor in adopting the rules without mandating such portals.

Since the rules are adopted without mandating funding portals, the Commission need not address the request for a safe harbor for said funding portals. The Commission recognizes that the initial establishment of an investor offering cap of \$2 million is consistent with the Virginia crowdfunding legislation as well as with maximum offering caps established by other states with crowdfunding legislation.¹²

For the foregoing reasons, we find it reasonable to adopt the proposed amended rules as recommended by the Division.

Accordingly, IT IS ORDERED THAT:

- (1) The proposed rules are attached hereto, made a part hereof, and hereby are ADOPTED effective July 31, 2015.
- (2) AN ATTESTED COPY hereof, together with a copy of the adopted rules, shall be sent by the Division in care of Ronald W. Thomas, Director, who forthwith shall give further notice of the adopted rules by mailing or e-mailing a copy of this Order to all interested persons.

⁴ Doc. Con. Cen. No. 150620051.

⁵ *Id.* at 3.

⁶ Response at 4.

⁷ *Id.* at 3-4.

⁸ Doc. Con. Cen. No. 150620368.

⁹ Reply at 8.

¹⁰ Reply at 7.

¹¹ *Virginia Pilot Ass'n. v. Commonwealth*, 145 Va. 757, 765 (Va. 1926).

¹² *See, e.g.*, Response at 4.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

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

NOTE: A copy of the attachment entitled "Securities Rule Changes 2015" is on file and 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-2015-00016
MAY 5, 2015**

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

v.

MICHAEL PETER BINETTI,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Michael Peter Binetti ("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 investigation, the Division alleges the Defendant violated: (i) 13.1-502 (2) of the Act by directly or indirectly obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (ii) § 13.1-504 A of the Act by acting as an unregistered agent of the issuer by offering and selling securities; and (iii) § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia, the amount of Ten Thousand Dollars (\$10,000) in monetary penalties. The penalty will be waived if the Defendant agrees to pay the amount of Two Thousand Five Hundred Dollars (\$2,500) to each of the four investors affected within one (1) year of the date of entry of this Order.

(2) If the Defendant applies for registration as an investment advisor representative, the employing investment advisor firm will agree to special supervision by the Commission.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

CASE NO. SEC-2015-00017
APRIL 8, 2015

APPLICATION OF
GRACE BROTHERS 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 Grace Brethren Investment Foundation, Inc. ("Grace Brethren"), which the Commission received March 9, 2015, with attached exhibits. The application requested that Grace Brethren's Investment Accounts 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 Grace Brethren 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) Grace Brethren is an Indiana company operating not for profit but exclusively for religious, educational, benevolent and charitable purposes; (ii) Grace Brethren intends to offer and sell the Investment Accounts in an approximate aggregate amount of up to \$35,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) said securities are to be offered and sold by officers and employees of Grace Brethren who will not be compensated for their sales efforts.

Based on the facts asserted by Grace Brethren 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 Grace Brethren are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2015-00018
APRIL 27, 2015

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 30, 2015, 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-2015-00019
APRIL 16, 2015

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 March 3, 2015, 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-2015-00020
AUGUST 19, 2015**

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

v.

Individuals

DARYL GENE BANK, RAEANN ANN GIBSON, MIKE ALEKSIC, GREGORY DEAN BODOH, JUDITH ANN WINES

Affiliated Companies

DOMINION INVESTMENT GROUP LLC, DOMINION PRIVATE CLIENT GROUP, LLC, DOMINION DIVERSIFIED STRATEGIES LLC, DOMINION FRANCHISE GROUP LLC, DOMINION FRANCHISE LLC, DOMINION ESTATE SERVICES LLC, DOMINION INSURANCE BROKERAGE LLC, DOMINION MARKETING GROUP LLC, DOMINION MEDIA GROUP LLC, DOMINION RISK MANAGEMENT LLC, DOMINION TAX LLC, GROWTH ACCELERATOR LLC, ACCELERATOR MANAGEMENT LLC, DIAMOND INDEX LLC, INCOME ACCELERATOR LLC, SARTRACK LLC, YW MANAGEMENT LLC, GREGORY BODOH & ASSOCIATES, LTD.

Issuers

DSPF GROUP LLC, DV8 GROUP LLC, JANUS SPECTRUM GROUP LLC, PLI GROUP LLC, PRIME SPECTRUM LLC, SPECTRUM 100 LLC, WARPED CIGAR LLC, WEMONITOR GROUP LLC

Issuers' Managers

DSP MANAGEMENT LLC, DV8 GROUP MANAGEMENT LLC, SPECTRUM MANAGEMENT LLC, PLI MANAGEMENT LLC, PRIME SPECTRUM MANAGEMENT LLC, SPECTRUM MANAGEMENT LLC, WARPED CIGAR MANAGEMENT LLC, WEMONITOR MANAGEMENT LLC,

Defendants

CONSENT ORDER

On June 29, 2015, the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") filed a Motion for Temporary Injunction ("Motion").¹ In support of its Motion, the Division alleges, among other things, that the Defendants have violated and continue to violate §§ 13.1-507, 13.1-504 A and B, and 13.1-502 (2) and (3) of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia by offering and selling securities to residents of the Commonwealth of Virginia ("Virginia") and by offering and selling securities from Virginia to residents of other states. The Division alleges that the Defendants have offered and sold securities (or assisted in the offer and sale of securities) from at least 2011 to the present and continue to offer securities in violation of the Act. Therefore, the Division in its Motion, requested the Commission use its authority under § 13.1-519 of the Act to impose a temporary injunction to stop the Defendants' alleged illegal offers and sales in and from Virginia for a period of 180 days.

On July 1, 2015, the Commission entered an Order in which it, among other things, directed the Defendants to file a response to the Division's Motion on or before July 20, 2015; directed the Division to file a reply on or before July 30, 2016; and assigned the case to a hearing examiner to conduct all further proceedings in this case on behalf of the Commission and file a final report.

On July 20, 2015, the Defendants filed a Response to the Motion for Temporary Injunction ("Response"). In their Response, the Defendants raised nine points including: (1) the Defendants objected to the limited amount of time to respond to the Motion and stated that the limited response time amounted to an unconstitutional denial of due process; (2) the Defendants stated that the Division's actions amounted to governmental overreaching; (3) the Defendants have strived to comply with all Virginia laws and have fully cooperated with any and all investigations; (4) the Defendants admitted that they participated in the sale of the Dental Support Plus Franchise, LLC ("DSPF"); but claimed that such franchise was approved by the Commission, and that they subsequently discontinued their relationship with DSPF in mid-2013 when it became apparent that DSPF was not paying out as promised; (5) the Defendants admitted that they offered alternative financial products to their clients, but that these products were offered through Summit Trust Company of Nevada, and Summit Trust Company was responsible for the products' compliance with state and federal law; (6) the Defendants disclosed all the necessary facts about their products to their clients, including all management fees. Additionally, none of the Defendants, relatives, or their employees established the limited liability companies listed in Paragraph (22) of the Motion, or had an ownership interest in any of the limited liability companies; (7) the Division's Motion fails to mention that both Messrs. Bank and Bodah have appealed their permanent ban from selling securities imposed by the Financial Industry Regulatory Authority ("FINRA"); (8) contrary to the Division's assertion, the Defendants admitted that the Securities and Exchange Commission ("SEC") is investigating only *some* of their activities, not all, and further, the SEC has not asked the Defendants to stop their activities; and (9) the Defendants admitted that under the membership agreement involving the various limited liability companies, the managing member had the ability to transfer funds from one

¹ Doc. Con. Cen. No. 150630198.

investment to another without the client's knowledge or consent. Based upon these assertions, the Defendants requested that the Commission strike the Motion because the Division failed to provide sufficient evidence of any wrongdoing, and failed to produce any exculpatory evidence showing that the Defendants relied on Summit Trust Company of Nevada to ensure that the products they offered complied with the law.

On July 30, 2015, the Division filed its Reply to the Defendants' Response to Motion for Temporary Injunction. The Division stated that the Defendants' Response does not question the procedural or substantive merits of the Division's Motion. The Division stated that it has met all the requirements for the Commission to temporarily enjoin Defendants from offering or selling unregistered securities in or from Virginia. In support, the Division argued that: (i) the Defendants were afforded an opportunity, and did in fact respond, to the Division's Motion; (ii) the Defendants' Response confirmed certain of the Division's allegations supporting the issuance of the temporary injunction; and (iii) the Defendants' misrepresentations continue.

By Ruling issued on August 3, 2015, the Hearing Examiner scheduled a hearing on this matter for oral argument on the Division's Motion, the Defendants' Response, and the Division's Reply for August 20, 2015, at 10 a.m. in the Commission's Courtroom in the Tyler Building, Second Floor, 1300 East Main Street, Richmond, Virginia 23219.

On August 17, 2015, the Division filed a Motion for Consent Order ("Consent Motion") wherein the Division represented that two of the Defendants, Daryl Gene Bank ("Bank") and Raeann Ann Gibson ("Gibson"), by counsel, while not admitting to the factual allegations in the Motion and the supporting affidavit of Senior Investigator Danny Taylor, consented to the entry of a temporary injunction for the period of one hundred eighty (180) days. By Ruling dated August 18, 2015, the Hearing Examiner removed the two Defendants from the scheduled hearing and certified the Division's Consent Motion to the Commission with his recommendation that the Commission issue a temporary injunction with regard to the Defendants Bank and Gibson.

NOW THE COMMISSION, without objection, grants the Consent Motion.

Accordingly, IT IS ORDERED THAT:

- (1) Pursuant to § 13.1-519 of the Act, Defendants Bank and Gibson are enjoined for a period of one hundred and eighty (180) days from offering to sell or selling securities, including investments alleged to be securities, as described in the Division's Temporary Injunction Motion and supporting affidavit of Danny Taylor.
- (2) This matter is continued generally.

**CASE NO. SEC-2015-00022
APRIL 30, 2015**

APPLICATION OF
MISSION INVESTMENT FUND OF THE
EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund"), which the Commission received April 2, 2015, with attached exhibits. The application requested that Mission Fund's Demand Investments, Fixed and Adjustable Interest Term Investments, MIF4KIDZ Investments, and IRA/CESA/HSA program (collectively, "Mission Investments") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Mission Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) Mission Fund intends to offer and sell the Mission Investments in an approximate aggregate amount of up to \$250,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by registered agents for Mission Fund who will not be compensated for their sales efforts; and (iv) Mission Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of the Mission Investments described herein.

Based on the facts asserted by Mission Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2015-00026
MAY 19, 2015**

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 7, 2015, with attached exhibits. The application requested that Foundation's Demand Certificates and Time Certificates (collectively, "Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers and employees of Foundation be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Foundation is a Colorado corporation operating not for private profit but exclusively for religious, charitable, benevolent and educational purposes; (ii) Foundation intends to offer and sell the Certificates in an approximate aggregate amount of up to \$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 and employees of Foundation who will not be compensated for their sales efforts; and (iv) Foundation will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by Foundation in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act, and the officers and employees of Foundation are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2015-00029
JULY 1, 2015**

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

v.
THOMAS EDWARD KENNEY,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Thomas Edward Kenney ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

The Defendant conducted advisory activities in the Commonwealth of Virginia ("Virginia") from May 2, 2011, until March 12, 2013, despite being unregistered. Subsequently, the Defendant became registered on March 13, 2013. However, he continued to act as an investment advisor representative to clients in 2014, even after his registration expired on December 31, 2013. As a result, the Defendant initiated forty-five (45) transactions on behalf of eight (8) clients while being unregistered. No clients' accounts were affected by the Defendant's failure to be properly registered.

Based on the investigation, the Division alleges the Defendant violated § 13.1-504 A (ii) of the Act by transacting business in Virginia as an investment advisor representative without proper registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant has agreed to be enjoined for a period of five (5) years from the date of entry of this Order from transacting any investment advisory services and all other securities activities, excluding variable and fixed annuities that are properly filed with the Commission's Bureau of Insurance, within Virginia.

(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 and finds that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) The Defendant shall fully comply with the aforesaid terms and undertakings of this settlement.
- (3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

**CASE NO. SEC-2015-00033
JUNE 23, 2015**

APPLICATION OF
VIRGINIA HOUSING AND COMMUNITY DEVELOPMENT CORPORATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Virginia Housing and Community Development Corporation ("Virginia Housing"), which the Commission received January 14, 2015, with attached exhibits, as subsequently amended. The application requested that Virginia Housing's Community Investment Notes ("Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that certain officers of Virginia Housing be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Virginia Housing is a Virginia corporation operating not for private profit but exclusively for charitable and educational purposes; (ii) Virginia Housing intends to offer and sell Notes in an approximate aggregate amount of up to \$1,250,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and (iii) said securities are to be offered and sold by officers of Virginia Housing, who will not be compensated for their sales efforts.

Based on the facts asserted by Virginia Housing 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 of Virginia Housing are exempted from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2015-00034
OCTOBER 27, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CITIGROUP GLOBAL MARKETS, INC.,
Defendant

CONSENT ORDER

Citigroup Global Markets, Inc. ("CGMI") is a broker-dealer registered in the Commonwealth of Virginia, Central Registration Depository No. 7059;

State securities regulators have conducted coordinated investigations into the registrations of CGMI sales assistants ("SA") and CGMI's supervisory system with respect to the registration of SAs;

CGMI has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations;

CGMI has advised regulators of its agreement to resolve the investigations pursuant to the terms specified in this Consent Order ("Order");

CGMI has made certain changes to relevant order entry systems and to CGMI's supervisory system with respect to the system;

CGMI agrees to make certain payments in accordance with the terms of this Order;

CGMI elects to waive permanently any right to a hearing and appeal under §§ 12.1-28 and 12.1-39 of the Code of Virginia ("Code") with respect to this Order;

CGMI admits to the jurisdiction of the State Corporation Commission ("Commission") in this matter; and

Solely for the purpose of terminating the multi-state investigations and in settlement of the issues contained in this Order, CGMI, without admitting or denying the findings of fact or conclusions of law contained in this Order, consents to the entry of this Order.

NOW, THEREFORE, the Commission, as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code, hereby enters this Order:

I. FINDINGS OF FACTS

Relevant CGMI Business Units

1. CGMI is a registered broker-dealer and wholly owned subsidiary of Citigroup Inc. Prior to June 1, 2009, CGMI primarily operated its U.S.-based retail brokerage business through a business unit under the name "Smith Barney." CGMI also operated, and continues to operate, other businesses, including a retail brokerage currently operated under the name "Citi Personal Wealth Management."

2. On June 1, 2009, Citigroup Inc. sold a majority stake in its primary retail brokerage business to Morgan Stanley & Co., Inc. ("Morgan Stanley"). Morgan Stanley combined that business and its own retail brokerage operations into a joint venture operated by a new broker dealer known as "Morgan Stanley Smith Barney LLC ("MSSB")."

3. After the June 1, 2009 transaction, Citigroup Inc. retained control and ownership of the CGMI businesses that had not been sold to Morgan Stanley.

4. The multi-state investigations covered the period from January 1, 2007 through September 30, 2014 (the "Relevant Period"). The factual representations that follow relate to all or some portion of the Relevant Period.

Background on CGMI Personnel

5. CGMI's primary customer-facing retail broker-dealer agents were known as financial advisors ("FAs").

6. CGMI also employed SAs using various job titles. SAs were generally tasked with assisting FAs and customers with administrative and operational support. SAs were involved in such tasks as:

- a. answering phones, taking messages, and responding to calls when appropriate;
- b. giving clients market quotes;
- c. typing correspondence for FAs within the parameters of CGMI guidelines;
- d. maintaining files for FAs on clients and products;
- e. providing follow-up with clients and operations staff; and
- f. obtaining investment and product information for FAs.

7. Some SAs were registered with CGMI (hereafter, "RSAs"). RSAs are of particular significance to this Order because on occasion they could accept unsolicited client orders from clients. Accordingly, RSAs were required to pass the series 7 and 63 and/or 66 qualification exams and to register in the appropriate jurisdictions.

8. During the Relevant Period a CGMI policy relevant to this Order stated, "Registered Sales Assistants need to be registered in every state that the FA(s) for whom they provide coverage is registered."

9. During a portion of the Relevant Period (see paragraph 11, below), CGMI personnel used a computerized order entry system known as "NextGen" to enter orders on behalf of customers.

10. The NextGen order entry process was intended to generally work as follows: NextGen automatically populated the order-entry screen with the logon ID of the person entering the order, the name of that person, and the date and time the order was entered. The person entering the order verified that she was the person who received the order at the time the order was entered by checking the box stating: "Check to confirm client receipt information." If the person entering the order was not the person who received the order, then the person entering the order entered the NextGen logon ID for the person who received the order into the "Received by ID/Name Box." The person entering the order was prompted to provide her password. At that point a variety of validations were conducted, including a check to ensure that the FA of record for the account was duly registered in the applicable state(s). However, NextGen did not check to ensure that the person accepting the client order, if different from the FA assigned to the account, was registered in the applicable state(s). Once the validation checks were completed, the order was either blocked or moved forward to the verification screen. If a trade was blocked due to a registration gap, an error message appeared on the NextGen screen stating: "FC REGISTRATION VIOLATION-CALL YOUR REG REPRESENTATIVE." If the trade was not blocked, the person entering the trade was prompted to verify and submit the order. Upon submission, the order entry process was complete, and the order was sent to the market for execution.

11. CGMI ceased using NextGen and implemented a new order entry system during the fourth quarter of 2010 and the first quarter of 2011, as part of a conversion to a new clearing firm relationship with Pershing.

12. As of January 1, 2009, CGMI employed approximately 3,500 RSAs on a nationwide basis. In June 2009, CGMI sold a majority stake in its primary retail brokerage business to Morgan Stanley. In connection with the MSSB transaction, the retail brokerage business sales force at CGMI was reduced by approximately 95%. The vast majority of the RSAs were contributed to the MSSB joint venture. As of the date of this order, CGMI currently employs fewer than 100 RSAs nationwide.

Registration Required

13. Section 13.1-504 A of the Act requires that a person must be registered to offer and sell securities in Virginia.
14. Pursuant to the general prohibition under § 13.1-504 A, a person cannot accept unsolicited orders in Virginia without being registered.
15. Pursuant to § 13.1-521 A of the Act, the Commission may impose a civil penalty of up to \$10,000 per violation against a broker-dealer for any violation of the Act, including selling securities in Virginia through unregistered agents.

Regulatory Investigations and Findings

16. State securities regulators have initiated investigations into the practices of CGMI and other firms in connection with SA registrations.
17. The multi-state investigations focused on whether SAs were properly registered in the relevant jurisdictions at the time such individuals may have accepted customer orders from those states. In addition, the investigations focused on whether the firms' supervisory systems properly supervised such orders.
18. In CGMI's case, the investigation found that in certain instances, SAs accepted unsolicited orders from clients residing in states where the SA was not registered. In addition, the investigations found that NextGen did not record the identity of the person receiving the order from the customer for a discreet set of orders that were reviewed.
19. Furthermore, the investigation determined that, contrary to applicable policies and procedures, RSAs were not registered in every state that the FAs for whom they provided coverage were registered and as a result, it is highly likely that certain RSAs accepted unsolicited orders in Virginia at times when the RSAs were not appropriately registered.

Remedial Efforts

20. As part of a transition that was finalized in early 2011, CGMI's retail business ceased using the NextGen system and started to use in its place an order entry system licensed and operated by Pershing called NetX360.
21. Orders entered into NetX360 are routed through Pershing's Rules Engine, which has certain checks relating to state registration status, including the registration status of the acceptor.
22. Additionally, quarterly review meetings in which RSAs are involved include a review of the firm's state registration policy and the prohibition against accepting orders in states in which the RSA is not registered.
23. CGMI provided timely responses and substantial cooperation in connection with the regulatory investigations into this issue.

II. CONCLUSIONS OF LAW

24. The Commission has jurisdiction over this matter pursuant to the Act.
25. CGMI's failure to establish an adequate system to monitor the registration status of persons accepting client orders constitutes a violation of Commission Rule 21 VAC 5-20-260 D.
26. CGMI's failure to ensure its RSAs were registered in the appropriate jurisdictions constitutes a failure to enforce its established written procedures and is a basis for this Order for violations of Rule 21 VAC 5-20-260 D against CGMI.
27. CGMI's acceptance of orders in Virginia through RSAs who were not properly registered in Virginia constitutes a violation of § 13.1-504 A of the Act for the use of unregistered agents in the state.
28. The violations described above constitute basis for the assessment of a civil penalty against CGMI.
29. The Commission finds the following relief appropriate and in the public interest.

III. UNDERTAKINGS

30. CGMI hereby undertakes and agrees to establish and maintain policies, procedures and systems that reasonably supervise the trade process so that an SA can only accept client orders that originate from jurisdictions where the SA accepting the order is appropriately registered.

IV. ORDER

On the basis of the Findings of Facts, Conclusions of Law, and CGMI's consent to the entry of this Order,

Accordingly, IT IS HEREBY ORDERED THAT:

- (1) This Order concludes the investigation by the Commission's Division of Securities and Retail Franchising ("Division") and any other action that the Commission could commence against CGMI under the Act as it relates to (a) RSAs who accepted client orders while not registered in the appropriate jurisdiction, and (b) CGMI's supervision of state registrations for RSAs during the period January 1, 2007 through September 30, 2014.

(2) This Order is entered into solely for the purpose of resolving the referenced multi-state investigation and is not intended to be used for any other purpose. For any person or entity not a party to the Order, this Order does not limit or create any private rights or remedies against CGMI, limit or create liability of CGMI, or limit or create defenses of CGMI to any claims.

(3) CGMI shall pay the sum of Thirty-five Thousand Dollars (\$35,000) to the Treasurer of Virginia within ten days of the date of this Order. Of this amount, pursuant to § 13.1-521 A of the Act, Thirty Thousand Dollars (\$30,000) is the civil penalty imposed and, pursuant to § 13.1-518 A of the Act, Five Thousand Dollars (\$5,000) is to reimburse the Division for costs of the investigation.

(4) CGMI is hereby ordered to comply with the undertakings contained herein.

(5) This order is not intended by the Commission to subject any covered person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organizations, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person" means CGMI or any of its affiliates and their current or former officers or former officers, directors, employees, or other persons that otherwise would be disqualified as a result of this Order (as defined below).

(6) This Order and the order of any other State in any proceeding related to CGMI's agreement to resolve the above-referenced multi-state investigation (collectively, the "Orders") shall not disqualify any covered person from any business that they otherwise are qualified, licensed or permitted to perform under applicable securities laws of Virginia and any disqualifications from relying upon this state's registration exemptions or safe harbor provisions that arise from the Orders are hereby waived.

(7) The Commission does not intend disqualification under 506(d) of the Securities Act of 1933 to arise as a consequence of this Order.

(8) This Order shall be binding upon CGMI and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

**CASE NO. SEC-2015-00035
OCTOBER 5, 2015**

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

v.
SUK KU LIM,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Suk Ku Lim ("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 alleges the Defendant offered and sold an evidence of indebtedness which is defined as a security pursuant to § 13.1-501 of the Act to one Virginia investor in the amount of \$500,000.

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; (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; (iii) § 13.1-504 B of the Act by employing an unregistered agent in the offer and sale of securities; and (iv) § 13.1-502 (2) of the Act by directly or indirectly, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) Per a May 15, 2014 agreement entered into by the Defendant and the Virginia investor, the Defendant will continue to make payments to the Virginia investor in the amount of Ten Thousand Dollars (\$10,000) per month until the \$500,000 has been repaid.

(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.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

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 this settlement.

**CASE NO. SEC-2015-00039
AUGUST 26, 2015**

APPLICATION OF
CATHOLIC UNITED INVESTMENT TRUST

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 Catholic United Investment Trust ("CUIT"), which the Commission received July 24, 2015, with attached exhibits. The application requested that CUIT's Balanced Fund, Value Equity Fund, Core Equity Index Fund, Growth Fund, Small Capitalization Equity Index Fund, International Equity Fund, Emerging Markets Equity Index Fund, Short Bond Fund, Intermediate Diversified Bond Fund, Opportunistic Bond Fund, and Money Market Fund shares (collectively, "Shares") 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) CUIT is a Delaware statutory trust operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) CUIT intends to offer and sell Shares in an approximate aggregate amount of up to \$100,000,000 on terms and conditions more fully described in the Offering Memorandum filed as a part of the application; (iii) the Shares are to be offered and sold only by broker-dealers registered under the Act; and (iv) CUIT will discontinue issuer transactions for all Shares previously exempted by the Commission upon the grant of the exemption for the offering of Shares described herein.

Based on the facts asserted by CUIT in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act.

**CASE NO. SEC-2015-00043
NOVEMBER 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
911 RESTORATION FRANCHISE, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of 911 Restoration Franchise, Inc. ("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 California corporation organized in March 2007. The Defendant offers franchises that provide post-emergency response services including clean-up from fire damage, water damage, and mold damage. In addition, the Defendant's franchises provide mold inspections, carpet cleaning, duct cleaning, and crawl space cleaning. Idan Shpizear is the Defendant's current Chief Executive Officer. Shay Kalmanovich was the Defendant's Chief Executive Officer from March 2007 until June 2014.

Prior to August 29, 2014, the Defendant had never been registered with the Division to offer or sell franchises to be operated in the Commonwealth of Virginia ("Virginia"). Despite this, on or about December 11, 2008, the Defendant entered into a franchise agreement with a Virginia resident to operate a franchise located in Washington, D.C. Shortly after entering into the franchise agreement, the Defendant expanded the Washington, D.C., franchisee's territory to include Fairfax and surrounding Northern Virginia counties. Before expanding in Virginia, the Defendant's Washington, D.C., franchise was required to be registered with the Division. The Division alleges that the Defendant's failure to register the Washington, D.C., franchise before expanding into Virginia amounts to a violation of the Act.

The Division further alleges that because the Defendant did not register to offer and sell franchises in Virginia until August 29, 2014, it did not timely provide appropriately cleared disclosure documents to the Washington, D.C., franchisee for its Virginia operations. To ensure prospective franchisees receive material information about a franchise prior to their purchase, the franchisee's Franchise Disclosure Documents ("FDD"), franchise agreement, and

FDD attachments must be reviewed and cleared for use by the Division prior to the prospective franchisees receiving them. Prospective franchisees can then make an informed decision as to whether they should enter into a franchise agreement. Because the FDD was not reviewed by the Division, the Division alleges that regulatory oversight was not possible.

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) violated § 13.1-563 (4) (ii) of the Act by failing to, directly or indirectly, provide franchisees with such disclosure documents as may be required by rule or order of the Commission.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia ("Treasurer"), contemporaneously with the entry of this Order, the amount of Five Thousand Dollars (\$5,000) 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 provide a copy of this Order to the current Virginia franchisees by certified mail. Within sixty (60) days of the entry of this Order, the Defendant will provide certified mail receipts to the Division as evidence of the Virginia franchisees receiving the 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) 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-2015-00044
SEPTEMBER 18, 2015**

APPLICATION OF
LUTHERAN CHURCH EXTENSION FUND-MISSOURI SYNOD

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Church Extension Fund – Missouri Synod ("Lutheran Fund"), which the Commission received August 26, 2015, with attached exhibits. The application requested that Lutheran Fund's Young Investor 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, "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that officers of Lutheran Fund be exempted from the agent registration requirements of the Act.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Lutheran Fund is a Missouri corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) Lutheran Fund intends to offer and sell the Notes in an approximate aggregate amount of up to \$75,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of Lutheran Fund who will not be compensated for their sales efforts; and (iv) Lutheran Fund will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of Notes described herein.

Based on the facts asserted by Lutheran Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Act, the securities described above are exempt from the securities registration requirements of the Act, and Lutheran Fund's officers are exempt from the agent registration requirements of § 13.1-504 of the Act.

**CASE NO. SEC-2015-00048
OCTOBER 13, 2015**

APPLICATION OF
GROUNDFLOOR FINANCE, 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 and exhibits of Groundfloor Finance, Inc. ("Groundfloor"), dated August 25, 2014, and was subsequently amended requesting that Limited Resource 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.

Groundfloor filed this application, in part, to replace the offering granted registration by qualification to its subsidiary company, Groundfloor Real Estate, LLC,¹ due to a restructuring of the securities offering that was proposed earlier this year. According to Groundfloor, the type of securities being offered pursuant to the instant application (Obligations) also is different from the offering which was approved for Ground Floor Real Estate, LLC by the Commission (Participation Interests).

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Groundfloor is a Georgia corporation; and (ii) Groundfloor intends to offer and sell Obligations for an aggregate amount of up to \$5 Million. Obligations will be offered and sold by a registered agent of the issuer.

This Order is intended to replace the Order Effecting Registration of Securities by Qualification ("Qualification Order") issued by the Commission on February 9, 2015, in Case No. SEC-2015-00007.² Upon the date of entry of this Order, Groundfloor Real Estate, LLC will no longer offer and sell Participation Interests and the aforementioned Qualification Order will be superseded by this Order.

NOW THE COMMISSION, based upon the facts asserted by Groundfloor 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 Obligations 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, and the aforementioned Qualification Order is superseded by this Order.

No material change in Groundfloor's conditions or terms of offering may be made in the offering circular without prior submission to the Division and acceptance by the Commission.

¹ See *Application of Groundfloor Real Estate, LLC*, For registration of securities pursuant to § 13.1-510 of the Code of Virginia, Case No. SEC-2015-00007, Doc. Con. Cen. No. 150210186.

² *Id.*

**CASE NO. SEC-2015-00055
DECEMBER 4, 2015**

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

v.

MICHAEL D. GOLDBERG
and
GOLDBERG FINANCIAL, LLC,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Michael D. Goldberg ("Goldberg") and Goldberg Financial, LLC (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Goldberg Financial, LLC, an investment advisor, and Michael D. Goldberg, an investment advisor representative, have been registered in the Commonwealth of Virginia ("Virginia") and Maryland since April 6, 2011 and June 29, 2011, respectively. Goldberg is direct owner and sole investment advisor representative for Goldberg Financial, LLC.

As a result of a complaint filed against Goldberg and a review of the financial records and information obtained during the investigation, it was determined that the Defendants violated the Commission's Rules governing Investment Advisors, 21 VAC 5-80-10 *et seq.* ("Rules").

Based upon review of advertising material used by the Defendants, there were multiple untrue and misleading statements used to solicit advisory clients, particularly advertisements used in 2014 whereby the Defendants used inaccurate calculations to quote investment returns. In addition, based upon the documents and information obtained during the investigation, the Defendants breached their fiduciary duty to act primarily for the benefit and in the best interests of their clients in that the Defendants, through various websites and advertisements, guaranteed to clients that specific results would be achieved as a result of advice rendered; and charged clients unreasonable advisory fees in light of services provided to clients as well as fees charged by other investments advisors providing essentially the same services.

Based on the investigation, the Division alleges the Defendants violated: (i) Rule 21 VAC 5-80-200 A (10) by charging clients an unreasonable advisory fee in light of the fees charged by other investment advisors providing essentially the same services; (ii) Rule 21 VAC 5-80-200 A (12) by guaranteeing to clients that a specific result will be achieved as a result of the advice which will be rendered; and (iii) Rule 21 VAC 5-80-200 A (13) by directly or indirectly using any advertisement that contained any untrue statement of material fact or that otherwise is false or misleading.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

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"), within thirty (30) days of the date of the entry of this Order, the amount of Eight Thousand Dollars (\$8,000) in monetary penalties.

(2) The Defendants will pay to the Treasurer, within thirty (30) days of the date of entry of this Order, the amount of Four Thousand Dollars (\$4,000) to defray the costs of investigation.

(3) Within sixty (60) days from the date of entry of this Order, the Defendants shall lower the Goldberg Financial, LLC investment management fee to a maximum of 2.00% annually. The Defendants are required to submit to the Division written proof that the fees have been lowered.

(4) Within sixty (60) days of the date of entry of this Order, the Defendants shall no longer act as an investment advisor and investment advisor representative for any current and future clients who have \$10,000 or less in assets under management, unless the client account is (1) held by a parent, spouse, child, grandparent, or other close relative of the investment advisor representative, or (2) the client account with \$10,000 or less in assets under management is not being charged an investment advisory fee. The Defendants are required to submit to the Division written proof that those accounts with less than \$10,000 in assets under management have been returned.

(5) Contemporaneously with the entry of this Order, the Defendants shall cease to use the current advertising material and comparison mailers.

(6) The Defendants, through Goldberg, agreed to and have updated the Goldberg Financial, LLC website to be in continuous compliance with the Act as well as the rules and regulations promulgated under the Act.

(7) Within thirty (30) days of the date of the entry of this Order, the Defendants shall update their Form ADV.

(8) Within thirty (30) days of the entry of this Order, the Defendants shall re-execute the Investment Advisor agreements with each client.

(9) Within thirty (30) days of the date of the entry of this Order, the Defendants shall provide a copy of this Order to each client.

(10) 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-2015-00059
NOVEMBER 24, 2015**

APPLICATION OF
GROUND FLOOR FINANCE, 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 Groundfloor Finance, Inc. ("Groundfloor") dated October 19, 2015, with attached exhibits, and subsequently amended, requesting that Limited Resource 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 corporation; and (ii) Groundfloor intends to offer and sell Obligations for an aggregate amount of up to \$1,453,000. 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 ("Division"), is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the Obligations 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.

DIVISION OF UTILITY AND RAILROAD SAFETY

CASE NO. URS-2010-00053
JUNE 3, 2015COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

COLUMBIA GAS OF VIRGINIA, INC.,
Defendant**FINAL ORDER**

By entry of the Order of Settlement ("Order") dated May 10, 2010, 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,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Company's General Manager certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order.

On June 16, 2011, the Commission entered an Order that accepted a payment of Forty-five Thousand Two Hundred Dollars (\$45,200) and provided an option to vacate, in whole or in part, the remaining balance of the penalty, Forty-three Thousand Six Hundred Seventy-five Dollars (\$43,675).

The Company has fully complied with the terms and undertakings as outlined in the Order, and the required affidavits documenting that the specified remedial actions have been satisfactorily completed have all been filed.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Forty-three Thousand Six Hundred Seventy-five Dollars (\$43,675) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

CASE NO. URS-2013-00001
JUNE 3, 2015COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

WASHINGTON GAS LIGHT COMPANY,
Defendant**FINAL ORDER**

By entry of the Order of Settlement ("Order") dated May 10, 2013, the State Corporation Commission ("Commission") accepted the offer of settlement of Washington Gas Light Company ("WGL" or "Company") for alleged violations of the minimum gas pipeline safety standards,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, WGL consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Vice President – Operations, Engineering, Construction, and Safety, of WGL certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been completed was filed by WGL on March 11, 2015. Therefore, the remaining balance of Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars (\$535,250) of the penalty should be vacated, and this case should be dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Five Hundred Thirty-five Thousand Two Hundred Fifty Dollars (\$535,250) shall be vacated.
- (2) This case is hereby dismissed from the State Corporation 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
NOVEMBER 25, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER

On October 1, 2013, the State Corporation Commission ("Commission") entered an Order of Settlement in this proceeding ("Settlement Order") alleging certain violations of the federal pipeline safety statutes, 49 U.S.C. § 60101 *et seq.*, by Roanoke Gas Company ("Roanoke Gas" or the "Company"). The Settlement Order set forth several undertakings required to be completed by the Company. Undertaking Paragraph (2)(f) of the Settlement Order required that "[o]n or before December 31, 2015, the Company shall replace or abandon all its bare steel and cast iron mains and bare steel services." Undertaking Paragraph (5) of the Settlement Order directed the Company to file a notarized affidavit signed by the President of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (2) by January 15, 2016.

On November 17, 2015, the Company filed a Motion for Extension of Time to Comply with Order of Settlement ("Motion"), in which it requests an extension of time to certify the completion of the remedial actions described in Undertaking Paragraph (2)(f). The Company states that it has been diligently working to complete this remedial action but will be unable to fully comply with this requirement by December 31, 2015.

The Company anticipates that it will be able to fully complete the remedial action by December 31, 2016, and requests that the Commission grant it a one-year extension to comply with the requirements of Undertaking Paragraph (2)(f). The Company states that it discussed this matter with the Commission's Division of Utility and Railroad Safety ("Division") and is authorized to state that the Division does not oppose the Company's Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that good cause having been shown, Roanoke Gas's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

- (1) The Company's Motion is hereby granted.
- (2) Undertaking Paragraphs (2)(f) and (5) of the Settlement Order are modified as discussed herein.
- (3) On or before December 31, 2016, the Company shall replace or abandon all its bare steel and cast iron mains and bare steel services. On or before January 15, 2017, the Company shall tender to the Clerk of the Commission with a copy to the Director of the Division, a notarized affidavit signed by the President of the Company certifying that the Company has completed all of the remedial actions described in Undertaking Paragraph (2)(f) of the Settlement Order.
- (4) Except as modified herein, all provisions of the Commission's Settlement Order shall remain in full force and effect.
- (5) The Commission shall retain jurisdiction over this matter for all purposes, and this case is continued pending further order of the Commission.

**CASE NO. URS-2013-00176
JUNE 3, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated October 2, 2013, the State Corporation Commission ("Commission") accepted the offer of settlement of Virginia Natural Gas, Inc. ("VNG" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, VNG consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the vice president of VNG certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by VNG on September 11, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Eighteen Thousand Dollars (\$18,000) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2013-00464
MAY 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated January 16, 2014, 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,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Company's Vice President - Pipeline Safety and Compliance certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by CGV on June 9, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00002
MAY 29, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated April 9, 2014, the State Corporation Commission ("Commission") accepted the offer of settlement of Roanoke Gas Company ("RGC" or "Company") for alleged violations of the minimum gas pipeline safety standards,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, RGC consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the President of RGC certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by RGC on July 10, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Forty Thousand Dollars (\$40,000) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00004
MAY 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated February 25, 2014, the State Corporation Commission ("Commission") accepted the offer of settlement of Virginia Natural Gas, Inc. ("VNG" or "Company"), for alleged violations of the minimum gas pipeline safety standards,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, VNG consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Vice President of VNG certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by VNG on April 16, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00098
MAY 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated July 15, 2014, 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,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to submit corrected procedures to the Division. The Company has fully complied with the terms and undertakings as outlined in the Order, and corrected procedures were submitted by CGV on October 17, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00100
MAY 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated May 14, 2014, 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,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraphs (2) and (3) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Vice President of Pipeline Safety and Compliance for CGV certifying that the Company had completed the remedial measures required by Undertaking Paragraphs (2) and (3) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by CGV on December 1, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to vacate the balance of the penalty and dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT:

- (1) The remaining penalty balance of Fifty Thousand Dollars (\$50,000) shall be vacated.
- (2) This case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00212
MARCH 31, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EAST COAST DRILLING, 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 March 21, 2014, East Coast Drilling, LLC ("Company"), excavated from at or near the intersection of Leigh Road and Goosley Road to at or near the intersection of Old Williamsburg Road and Goosely Road, York County, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed on 19 instances to exercise due care at all times to protect 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 on 19 instances to expose all utility lines which were in the bore path by hand digging to establish the underground utility lines' location prior to commencing bore, in violation of 20 VAC 5-309-150 (6) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(4) On the occasion set out in paragraph (1) above, the Company failed on 19 instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

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 Six Thousand Seven Hundred Fifty Dollars (\$6,750).

(2) That Two Thousand Two Hundred Fifty Dollars (\$2,250) of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

(3) That the Four Thousand Five Hundred Dollar (\$4,500) balance of said penalty will be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00212.

(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 Six Thousand Seven Hundred Fifty Dollars (\$6,750).

(4) The sum of Four Thousand Five Hundred Dollars (\$4,500) tendered contemporaneously with the entry of this Order is accepted.

(5) The remainder of the penalty amount, Two Thousand Two Hundred Fifty Dollars (\$2,250), is hereby vacated.

(6) This case is hereby dismissed.

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

**CASE NO. URS-2014-00227
JANUARY 29, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PANIAGUA'S ENTERPRISES, 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 April 15, 2014, Paniagua's Enterprises, Inc. ("Company"), excavated at or near the intersection of West Ox Road and Vale Road, Fairfax County, Virginia.

(2) On the occasion set out in paragraph (1) above, the Company failed on two instances to provide notice to the notification center (VA811) with proper information, in violation of § 56-265.18 of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed on one instance to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed on three instances to expose the underground utility lines to its 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 on two instances to serve a valid emergency notice on the notification center, in violation of 20 VAC 5-309-90 A of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(6) On the occasion set out in paragraph (1) above, the Company failed on two instances to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of Rule 20 VAC 5-309-150 (4).

(7) On the occasion set out in paragraph (1) above, the Company failed on two instances to expose all utility lines that were in the bore path by hand digging to establish the underground utility line's location prior to commencing bore, in violation of Rule 20 VAC 5-309-150 (6).

(8) On the occasion set out in paragraph (1) above, the Company failed on two instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

As evidenced in the attached Admission and Consent document, the Company admits these allegations and the Commission's jurisdiction and authority to enter this Order 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 Dollars (\$5,000), to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) That the Company will undertake a training session for its employees on the subject of underground utility damage prevention 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.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00227.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

- (3) The sum of Five Thousand Dollars (\$5,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00263
JANUARY 6, 2015**

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 21, 2013, and April 28, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on multiple 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 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 Seven Thousand Four Hundred Dollars (\$7,400) to be paid contemporaneously with the entry of this Order. The payment will be made by check and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00263.
- (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 Four Hundred Dollars (\$7,400) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NOS. URS-2014-00281, URS-2014-00306, & URS-2014-00374
NOVEMBER 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CABLE PROTECTION SERVICES, INC.,
Defendant

**ORDER ACCEPTING OFFER OF
SETTLEMENT AND DISMISSING PROCEEDING**

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) Cable Protection Services, Inc. ("Company"), is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) On or about May 15, 2014, Ed Lawrence Construction Company excavated at or near 557 Warrenton Road, Fredericksburg, Virginia.

(3) On the occasion set out in paragraph (2) above, the Company failed on two instances to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19A of the Code.

(4) On or about June 23, 2014, Fiber Network Services Inc., excavated at or near 120 Auction Drive, Stafford County, Virginia.

(5) On or about June 23, 2014, S&N Communications, Inc., excavated at or near 130 Bridgewater Circle, Stafford County, Virginia.

(6) On the occasions set out in paragraphs (4) and (5) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

(7) On or about June 25, 2014, S&N Communications, Inc., excavated at or near 370 Bridgewater Circle, Stafford County, Virginia.

(8) On the occasion set out in paragraph (7) above, the Company failed to accurately report the marking status of the underground utility line to the excavator-operator information exchange system by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

(9) On the occasion set out in paragraph (7) above, the Company failed on four instances to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

(10) On or about July 21, 2014, Willbros T&D Services – East (Trafford) excavated at or near 146 Malvern Lakes Circle, Stafford County, Virginia.

(11) On or about July 15, 2014, Fiber Technologies, Inc., excavated at or near 11717 Roosevelt Road, Spotsylvania County, Virginia.

(12) On or about July 25, 2014, S&N Communications, Inc., excavated at or near 11712 Hoover Lane, Spotsylvania County, Virginia.

(13) During the period of May 15, 2014 through July 25, 2014, the Company failed to train locators in applicable locating industry standards no less stringent than the National Utility Locating Contractors Association's ("NULCA") locator training and practices, in violation of § 56-265.19 E of the Code.

(14) On the occasions set out in paragraphs (10) and (11) 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.

(15) On the occasion set out in paragraph (11) above, the Company failed to provide markings at sufficient intervals to clearly indicate the approximate horizontal location and direction of the underground utility line, in violation of 20 VAC 5-309-110 B of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*

(16) On the occasion set out in paragraph (11) above, the Company failed to provide a minimum of three separate marks for each underground utility line marking, in violation of Rule 20 VAC 5-309-110 E.

(17) On the occasion set out in paragraph (11) above, the Company failed to provide "spot" markings or other suitable marking methods where the use of line markings is considered damaging to property, in violation of Rule 20 VAC 5-309-110 J.

(18) On the occasion set out in paragraph (12) above, the Company failed to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

(19) On the occasion set out in paragraph (12) above, the Company failed to use the assigned letter designator for each operator in conjunction with markings of the underground utility lines, in violation of Rule 20 VAC 5-309-110 Q.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

As evidenced in the attached Admission and Consent document, the Company 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 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 Six Thousand Eight Hundred and Fifty Dollars (\$6,850).
- (2) The Company shall perform the following remedial actions:
 - Develop and implement a plan to train locators in applicable industry standards and practices no less stringent than the NULCA standards and practices as required by § 56-265.19 E of the Code. This plan shall be subject to the Division's approval.
 - Develop and implement online testing of locators to assess knowledge of training materials (all current and future employees).
 - Maintain documentation of training, as required by § 56-265.19 E of the Code, to include, but not limited to, online/electronic methods of records retention.
 - Should the Company not take these remedial actions, the Company may be subject to an additional Six Thousand Dollar (\$6,000) civil penalty.

(3) The Company shall conduct a training session for its employees on the subject of underground utility damage prevention and submit documentation evidencing the training session to the Commission within thirty (30) days of the entry of this Order. Should the Company not conduct this training, the Company may be subject to an additional Three Thousand Four Hundred Fifty Dollar (\$3,450) penalty.

(4) The Six Thousand Eight Hundred Fifty Dollar (\$6,850) civil penalty set forth in Undertaking Paragraph (1) shall be paid contemporaneously with the entry of this Order by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company agrees that the Division has the right to enforce the terms of the settlement as outlined herein, and compliance therewith, through the filing of a Rule to Show Cause with 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, and concludes that this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned cases shall be docketed and assigned Case Nos. URS-2014-00281, URS-2014-00306, and URS-2014-00374.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement is hereby accepted, and the terms of the settlement as set out above shall be enforced by this Order.
- (3) That Case Nos. URS-2014-00281, URS-2014-00306, and URS-2014-00374 are hereby dismissed.

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

**CASE NO. URS-2014-00285
FEBRUARY 23, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JCR UNDERGROUND CORP.,
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 16, 2014, JCR Underground Corp. ("Company") damaged three 72-strand fiber telecommunication lines and a main trunk telecommunication line operated by Cox Communications Inc., located at or near 5922 George Washington Memorial Highway, York County, Virginia, while excavating.
- (2) On the occasion set out in paragraph (1) above, the Company failed to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A 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 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 § 56-265.24 A of the Code and 20 VAC 5-309-140 (2) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rule"), 20 VAC 5-309-10 *et seq.*

(4) On the occasion set out in paragraph (1) above, the Company failed to maintain a reasonable clearance between the marked or staked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of Rule 20 VAC 5-309-140 (4).

(5) On the occasion set out in paragraph (1) above, the Company 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 Rule 20 VAC 5-309-150 (6).

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 Dollars (\$5,000).

(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 Three Hundred Fifty Dollar (\$3,350) balance of said penalty will be paid contemporaneously with the entry of this Order by cashier's check or money order and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(4) The Company shall provide a written plan outlining the steps that will be taken to prevent future reoccurrence of a similar nature.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2014-00285.

(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 Dollars (\$5,000).

(4) The sum of Three Thousand Three Hundred Fifty Dollars (\$3,350) 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), is hereby vacated.

(6) This case is hereby dismissed.

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

**CASE NO. URS-2014-00327
MAY 19, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

FINAL ORDER

By entry of the Order of Settlement ("Order") dated September 12, 2014, 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,¹ which the Commission is authorized to enforce under § 56-257.2 *et seq.* of the Code of Virginia. The Commission retained jurisdiction of this case.

By execution of an Admission and Consent document by a representative of the Company, CGV consented to the form, substance, and entry of the Order.

Undertaking Paragraph (2) of the Order required that the Company complete various remedial actions. The Order also directed the Company to provide an affidavit executed by the Vice President – Pipeline Safety and Compliance for CGV certifying that the Company had completed the remedial measures required by Undertaking Paragraph (2) of the Order. The Company has fully complied with the terms and undertakings as outlined in the Order, and an affidavit documenting that the specified remedial actions have been satisfactorily completed was filed by CGV on November 25, 2014.

NOW THE COMMISSION, upon the foregoing, is of the opinion that it is appropriate to dismiss this case from the Commission's docket of active cases.

Accordingly, IT IS ORDERED THAT this case is hereby dismissed.

¹ See Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations.

**CASE NO. URS-2014-00405
AUGUST 25, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Columbia Gas of Virginia, Inc. ("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 of Virginia.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

(2) The Company violated the Commission's Safety Standards by the following conduct:

- (a) 49 C.F.R. § 192.143 (a) - Failure of the Company to install a component of a pipeline that is able to withstand operating pressures without impairment of its serviceability.
- (b) 49 C.F.R. § 192.199 (g) - Failure of the Company to install the control lines at a district regulator station to prevent any single incident from affecting the operation of both the overpressure protection device and the regulator.
- (c) 49 C.F.R. § 192.225 (a) - Failure of the Company to perform a number of welds in accordance with a qualified welding procedure.
- (d) 49 C.F.R. § 192.241 (a) - Failure of the Company to effectively inspect a number of welds to ensure that they are performed in accordance with a qualified procedure.
- (e) 49 C.F.R. § 192.273 (b) - Failure of the Company to produce joints in accordance with written procedures that have been proven by test or experience to produce strong gas-tight joints.
- (f) 49 C.F.R. § 192.305 - Failure of the Company on several occasions to inspect pipelines to ensure that they are constructed in accordance with Part 192 and/or Company procedures.
- (g) 49 C.F.R. § 192.361 (d) - Failure of the Company to install a service line so as to minimize anticipated piping strain.
- (h) 49 C.F.R. § 192.361 (g) - Failure of the Company to install each underground nonmetallic service line that is not encased to have a means of locating the pipe that complies with § 192.321 (e).
- (i) 49 C.F.R. § 192.455 (a) (2) - Failure of the Company to have a cathodic protection system designed to protect the pipeline, installed within 1 year after completion of construction.
- (j) 49 C.F.R. § 192.605 (a) - Failure of the Company on two instances to follow, for each pipeline, a manual of written procedures for conducting operations and maintenance activities as stated in the Company's O&M Section GS-1420.040.
- (k) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard GS 1100.050 by not determining the location of all sewer laterals before directional drilling operations to install gas pipelines.
- (l) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Gas Standard GS 3010.102 by not inspecting each project/job site to ensure that all work complies with Company procedures and is done in accordance with all governmental regulations.
- (m) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate procedure that includes directions relative to the frequency of obtaining profile readings on pipe welds before applying a protective coating.
- (n) 49 C.F.R. § 192.605 (b) (3) - Failure of the Company on two instances to make accurate construction records, maps, and operating history available to appropriate operating personnel.
- (o) 49 C.F.R. § 192.619 (a) (1) - Failure of the Company to operate a segment of pipeline at a pressure less than the weakest element in the segment.
- (p) 49 C.F.R. § 192.707 (d) (2) - Failure of Company to have a pipeline marker with the name of the operator and the telephone number (including area code) where the operator can be reached at all times.
- (q) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to properly protect pressure regulating equipment from dirt, liquids or other conditions that might prevent proper operation.
- (r) 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 monitoring for the presence of a hazardous atmosphere.
- (s) 49 C.F.R. § 192.805 (b) - Failure of the Company to ensure through evaluation that individuals performing covered tasks of Horizontal Directional Drilling are qualified.
- (t) 49 C.F.R. § 192.805 (b) - Failure of the Company to have and follow a written qualification program that ensures through evaluation that individuals performing purging of gas pipelines are qualified.
- (u) 49 C.F.R. § 192.805 (b) - Failure of the Company to have and follow a written qualification program that ensures through evaluation that individuals performing locating recognize and react to an "Abnormal Operating Condition."

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 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 Four Hundred Sixty-six Thousand Five Hundred Dollars (\$466,500), of which Three Hundred Ninety-six Thousand Five Hundred Dollars (\$396,500) shall be paid contemporaneously with the entry of this Order. The remaining Seventy Thousand Dollars (\$70,000) 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) (d) herein and tenders the requisite certification as required by Undertaking Paragraph (3) herein. The initial payment and subsequent payments shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) The Company shall undertake the following remedial actions:

On or before August 1, 2015, the Company shall prepare and follow a construction inspection plan for all pipeline construction activities in Virginia. This plan shall include, at a minimum, the requirements that all inspectors and Company supervisors be qualified based on the Virginia Enhanced Operator Qualification program for each task they inspect; and the requirement that each inspection be documented in sufficient detail. The plan shall be submitted to the Division by July 15, 2015, and shall be acceptable to the Division.

The Company shall consider welds on joints located between GPS Points N595292.1/E5270545.1 and N5961142.3/E5270634.7 on the Hoover Woods Pipeline in Caroline County, Virginia, as potential risks in the Company's Distribution Integrity Management Plan and address this risk in accordance with Subpart P of Part 192.

The Company shall inspect all its odorizers to ensure compliance with 49 C.F.R. § 192.143 (a) by July 31, 2015.

On or before January 1, 2016, the Company shall develop and implement a mobile application to allow CGV employees and the Company's contractor employees to report to the Company any pipeline safety issues. The design of this mobile application shall be acceptable to the Division.

(3) On or before January 15, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the president of Columbia Gas of Virginia, Inc., certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2) (d).

(4) Upon timely receipt of said affidavit, the Commission may suspend and subsequently vacate up to Seventy Thousand Dollars (\$70,000) 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) (d) above, a payment of Seventy Thousand Dollars (\$70,000) 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) (d) and (3) above. If, upon investigation, the Division determines that the reason for said failure justifies a payment lower than Seventy Thousand Dollars (\$70,000), 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) 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. Most, if not all contracts that are entered into by utilities have a provision that allows the utilities to pass on any civil penalties to their contractors. Since 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.

(6) 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 shall be docketed and assigned Case No. URS-2014-00405.

(2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code of Virginia, the offer of compromise and settlement made by Columbia Gas of Virginia, Inc., be, and it hereby is, accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, Columbia Gas of Virginia, Inc., shall pay the amount of Four Hundred Sixty-six Thousand Five Hundred Dollars (\$466,500), which may be suspended and subsequently vacated, in whole or in part, as provided in Undertaking Paragraph (1) of this Order.

(4) The sum of Three Hundred Ninety-six Thousand Five Hundred Dollars (\$396,500) tendered contemporaneously with the entry of this Order is accepted. The remaining Seventy Thousand Dollars (\$70,000) 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) (d) of this Order and files the timely certification of the remedial actions required by Undertaking Paragraph (3) or this Order.

(5) As agreed to by the Company, CGV 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.

**CASE NO. URS-2014-00438
MARCH 12, 2015**

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

v.
TORO CONCRETE, 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 27, 2014, Toro Concrete, Inc. ("Company"), damaged a one-inch plastic gas service line operated by the City of Charlottesville, located at or near 200 Myers Drive, Albemarle County, Virginia, while excavating.

(2) On or about September 18, 2014, the Company damaged a four-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 8503 Kirby Street, Manassas, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Six Hundred Fifty Dollars (\$5,650) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00438.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Five Thousand Six Hundred Fifty Dollars (\$5,650) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00449
JANUARY 8, 2015**

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

v.
UTILIQUEST, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 27, 2014, and August 15, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on multiple 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 multiple 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 the facility accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Sixteen Thousand Five Hundred Fifty Dollars (\$16,550) to be paid contemporaneously with the entry of this Order. The payment will be made by check and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00449.
- (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 Sixteen Thousand Five Hundred Fifty Dollars (\$16,550) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00450
APRIL 24, 2015**

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 14, 2014, and June 18, 2014, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on one occasion to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on numerous occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

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 Five Hundred Dollars (\$6,500) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00450.
- (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 Five Hundred Dollars (\$6,500) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00461
OCTOBER 21, 2015**

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

v.

ED MENDEZ, INDIVIDUALLY AND
T/A TITAN CONCRETE,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about September 3, 2014, Ed Mendez, individually and t/a Titan Concrete ("Company") damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company, located at or near 4854 Rock Spring Road, Fairfax County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

(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 immediately notify the operator of the damage, in violation of § 56-265.24 D of the Code.

(5) On the occasion set out in paragraph (1) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.

As evidenced in the attached Admission and Consent document, the Company admits to these allegations and admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of 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-2014-00461.
- (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-2014-00487
JANUARY 27, 2015**

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

v.
MELCAR, LTD.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about August 7, 2014, Melcar, Ltd. ("Company"), excavated at or near 13460 Sunrise Valley Drive, Fairfax County, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed on three 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 to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code.
- (4) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.
- (5) On the occasion set out in paragraph (1) above, the Company failed on four instances to expose all utility lines that 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 ("Rules"), 20 VAC 5-309-10 *et seq.*
- (6) On the occasion set out in paragraph (1) above, the Company failed on four instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

As evidenced in the attached Admission and Consent document, the Company admits to these allegations and admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Two Hundred Fifty Dollars (\$6,250) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) On or before December 3, 2014, the Company will fully expose the telecommunication duct bank operated by MCI Communications Services, Inc., within the work area as described on VA811 ticket number A420602659 by means of soft digging as it is defined in § 56-265.15 of the Code to ensure proper separation of utilities has been achieved in accordance with § 56-257 of the Code and inspect the utility lines to ensure their integrity has not been compromised. All excavation performed under this paragraph shall be subject to the utility operator's oversight.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00487.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Six Thousand Two Hundred Fifty Dollars (\$6,250) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00496
JANUARY 8, 2015**

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 20, 2014, and September 22, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on ten 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 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 two occasions to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand Eight Hundred Dollars (\$9,800) to be paid contemporaneously with the entry of this Order. The payment will be made by check and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00496.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Nine Thousand Eight Hundred Dollars (\$9,800) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00524
FEBRUARY 13, 2015**

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

v.
MILLER PIPELINE, LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about July 9, 2014, Miller Pipeline, LLC ("Company"), excavated at or near Hidden Well Lane, Chesterfield County, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed on four instances to exercise reasonable care to protect the underground sewer utility lines, in violation of § 56-265.19:1 G of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed on two instances to exercise due care at all times to protect the underground sewer utility lines and excavated within 24 inches of the sewer utility lines, in violation of § 56-265.24 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

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 Fifteen Thousand Dollars (\$15,000) 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) On or before December 23, 2014, the Company shall prepare a written Quality Assurance Plan, acceptable to the Division, and implement this plan for the Company's employees who perform excavation in the Commonwealth to protect underground utility lines from damage during trenchless excavation. This plan must, among other things, address how to prevent any "cross bores" involving underground sewer lines and damage to water lines that may not be marked.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. The Quality Assurance Plan 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.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00524.
- (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 Dollars (\$15,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00557
JUNE 8, 2015**

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 7, 2014, and November 13, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on eight 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 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.
- (c) Failing on one occasion to use the letter designations assigned by the notification center for each operator in conjunction with markings of underground utility lines, in violation of § 56-265.19 F of the Code.
- (d) Failing on four occasions to use all information necessary to mark facilities accurately, in violation of Rule 20 VAC 5-309-110 M.
- (e) Failing on one occasion to use the assigned letter designations for each operator in conjunction with markings of underground utility lines, in violation of Rule 20 VAC 5-309-110 Q.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Eight Thousand Eight Hundred Dollars (\$8,800) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00557.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Eight Thousand Eight Hundred Dollars (\$8,800) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2014-00558
FEBRUARY 23, 2015**

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 June 17, 2014, 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 1848 Parkview Avenue, Norfolk, Virginia, while excavating.

(2) On or about September 22, 2014, the Company damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1866 Parkview Avenue, Norfolk, Virginia, while excavating.

(3) On the occasion set out in paragraph (1) above, the Company 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 become illegible, in violation of § 56-265.17 D of the Code.

(4) On the occasions set out in paragraphs (1) and (2) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A of the Code.

(5) On the occasions set out in paragraphs (1) and (2) above, the Company failed to maintain a reasonable clearance between the marked location of the underground utility lines and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

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 Three Hundred Fifty Dollars (\$5,350) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2014-00558.
- (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 Three Hundred Fifty Dollars (\$5,350) 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-2015-00045
MARCH 12, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about September 22, 2014, W. E. (Billy) Curling Welding Service, Inc., damaged a two-inch steel gas main stub operated by Columbia Gas of Virginia, Inc. ("Columbia"), located at or near the intersection of Palmer Street and Azalea Avenue, Portsmouth, Virginia, while excavating.
- (2) On or about September 24, 2014, Chesterfield County damaged a one-half-inch plastic gas service stub operated by the Company, located at or near 9300 Public Works Road, Chesterfield County, Virginia, while excavating.
- (3) On or about October 8, 2014, Central Virginia Rentals damaged a two-inch plastic gas service line operated by the Company, located at or near 208 West Washington Street, Lexington, Virginia, while excavating.
- (4) On or about November 18, 2014, Miller Pipeline, LLC, damaged a four-inch plastic gas main line operated by the Company, located at or near East River Road, Chesterfield County, Virginia, while excavating.
- (5) On the occasions set out in paragraphs (1) through (4) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Nine Hundred Fifty Dollars (\$6,950) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00045.
- (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 Nine Hundred Fifty Dollars (\$6,950) 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-2015-00050
MARCH 12, 2015**

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 September 10, 2014, and December 2, 2014, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on numerous occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on numerous occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Nine Thousand Seven Hundred Dollars (\$9,700) to be paid contemporaneously with the entry of this Order. The payment will be made by check and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00050.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Nine Thousand Seven Hundred Dollars (\$9,700) 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-2015-00066
AUGUST 20, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NOVAMAR UNDERGROUND AND CONSTRUCTION,
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 March 12, 2015, NOVAMAR Underground and Construction ("Company") excavated at or near 5016 Riverfront Drive, Suffolk, Virginia.
- (2) On the occasion set out in paragraph (1) above, the Company failed on two instances to hand dig at reasonable distances along the line of excavation, in violation of § 56-265.24 A of the Code.
- (3) On the occasion set out in paragraph (1) above, the Company failed on six instances to 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 make an additional call to the notification center after observing clear evidence of the presence of an unmarked utility line, in violation of § 56-265.24 C of the Code.
- (5) On the occasion set out in paragraph (1) above, the Company failed on two instances to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rules"), 20 VAC 5-309-10 *et seq.*
- (6) On the occasion set out in paragraph (1) above, the Company failed on eight instances to ensure sufficient clearance was maintained between the bore path and any underground utility lines during pullback, in violation of Rule 20 VAC 5-309-150 (4).
- (7) On the occasion set out in paragraph (1) above, the Company failed on six instances to expose all utility lines that were in the bore path by hand digging to establish the underground utility line's location prior to commencing, in violation of Rule 20 VAC 5-309-150 (6).
- (8) On the occasion set out in paragraph (1) above, the Company failed on six instances to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

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 Eight Thousand Five Hundred Dollars (\$8,500).
- (2) That Two Thousand Eight Hundred Fifty Dollars (\$2,850) 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 Six Hundred Fifty Dollar (\$5,650) balance of said penalty will be paid contemporaneously with the entry of this Order by cashier's check or money order directed to the attention of the Director of the Division of Utility and Railroad Safety.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00066.
- (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 Eight Thousand Five Hundred Dollars (\$8,500).

- (4) The sum of Five Thousand Six Hundred Fifty Dollars (\$5,650) tendered contemporaneously with the entry of this Order is accepted.
- (5) The remainder of the penalty amount, Two Thousand Eight Hundred Fifty Dollars (\$2,850), shall be vacated.

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-2015-00141
JUNE 18, 2015**

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 October 16, 2014, and February 2, 2015, 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 11 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 report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A of the Code.
 - (d) Failing on one occasion to provide markings extending reasonable distances beyond the boundaries of the specific locations of the proposed work, in violation of 20 VAC 5-309-110 I of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 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 Eleven Thousand Nine Hundred Fifty Dollars (\$11,950) 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-2015-00141.
- (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 Nine Hundred Fifty Dollars (\$11,950) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2015-00142
APRIL 24, 2015**

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 August 11, 2014, and March 12, 2015, listed in Attachment A, involving S&N Locating Services, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on two occasions to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.
- (b) Failing on numerous occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
- (c) Failing on one occasion to 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 Fifteen Thousand Three Hundred Fifty Dollars (\$15,350) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order 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-2015-00142.
- (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 Three Hundred Fifty Dollars (\$15,350) 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-2015-00143
JULY 29, 2015**

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

v.

D. A. FOSTER COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about October 21, 2014, D. A. Foster Company ("Company") damaged a one-half-inch copper gas service line operated by Washington Gas Light Company, located at or near 119 East Raymond Avenue, Alexandria, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to make an additional call to the notification center (VA811) after having observed clear evidence of an unmarked utility line in the area of proposed excavation, in violation of § 56-265.17 C of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to provide notice to the notification center (VA811) with proper information, in violation of § 56-265.18 of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

(5) On or about November 11, 2014, the Company damaged a four-inch plastic gas service line operated by Washington Gas Light Company, located at or near 11660 Plaza America Drive, Fairfax County, Virginia, while excavating.

(6) On the occasion set out in paragraph (5) above, the Company failed to notify the notification center (VA811) before beginning its excavation, in violation of § 56-265.17 A of the Code.

(7) On the occasion set out in paragraph (5) above, the Company failed to serve a valid emergency notice on the notification center, in violation of 20 VAC 5-309-90 A of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand 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-2015-00143.
- (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-2015-00149
JUNE 18, 2015**

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

v.
JOHN H MORGAL PLUMBING,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about February 10, 2015, John H Morgal Plumbing ("Company") damaged a two-inch steel gas main line operated by Washington Gas Light Company, located at or near 1908 South Lorton Street, Arlington County, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

(3) On the occasion set out in paragraph (1) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health, and property, in violation of § 56-265.24 E of the Code.

(4) On the occasion set out in paragraph (1) above, the Company failed to ensure sufficient clearance was maintained between the bore path and the underground utility lines during pullback, in violation of 20 VAC 5-309-150 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Rule").

(5) On the occasion set out in paragraph (1) above, the Company 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 Rule 20 VAC 5-309-150 (6).

(6) On the occasion set out in paragraph (1) above, the Company failed to visually check the drill head as it passed through potholes, entrances, and exit pits, in violation of Rule 20 VAC 5-309-150 (8).

(7) On the occasion set out in paragraph (1) above, the Company failed to promptly notify 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of Rule 20 VAC 5-309-200.

As evidenced in the attached Admission and Consent document, the Company admits these allegations and admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of 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-2015-00149.
- (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-2015-00187
JULY 29, 2015**

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 November 20, 2014, and March 30, 2015, 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 18 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 18 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 Fifteen Thousand Four Hundred Dollars (\$15,400) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00187.
- (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 Four Hundred Dollars (\$15,400) 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 for 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-2015-00189
OCTOBER 27, 2015**

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

v.

VERIZON VIRGINIA LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 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 15, 2015, and May 1, 2015, listed in Attachment A, involving Verizon Virginia LLC ("Company"), the Defendant, and alleges that:

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- (1) During the aforementioned period, the Company violated the Act by the following conduct:
- (a) Failing on eight occasions 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.
 - (b) Failing on eight occasions to provide to the notification center data that will allow proper notification to the operator of excavation near the operator's utility lines, in violation of 20 VAC 5-309-130 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Twelve Thousand Dollars (\$12,000) to be paid contemporaneously with the entry of this Order. This payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

(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. 32.7370. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00189.
- (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 Twelve Thousand Dollars (\$12,000) 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-2015-00190
JUNE 3, 2015**

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 November 7, 2014, and March 12, 2015, 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 numerous occasions to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.17 C and § 56-265.19 A of the Code.

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- (c) Failing on one occasion to report the status to the excavator-operator information exchange system, in violation of § 56-265.19 A and B 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 Fifteen Thousand Nine Hundred Dollars (\$15,900) to be paid contemporaneously with the entry of this Order. The payment will be made by cashier's check or money order payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00190.
- (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 Nine Hundred Dollars (\$15,900) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2015-00191
AUGUST 11, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

- (1) On or about November 4, 2014, W. R. Hall, Inc. damaged a three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. ("Company"), located at or near 8917 Brighton Street, Norfolk, Virginia, while excavating.
- (2) On or about December 15, 2014, the City of Newport News damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 9952 Warwick Boulevard, Newport News, Virginia, while excavating.
- (3) On or about January 5, 2015, the City of Newport News damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 14 Milford Road, Newport News, Virginia, while excavating.
- (4) On or about January 10, 2015, the City of Norfolk damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 8045 Camelia Road, Norfolk, Virginia, while excavating.
- (5) On or about March 13, 2015, T. A. Sheets Mechanical General Contractor, Inc., damaged a three-quarter-inch copper gas service line operated by the Company, located at or near 22nd Street, Virginia Beach, Virginia, while excavating.
- (6) On or about March 17, 2015, Hudgins Contracting Corp. damaged a six-inch steel gas main line operated by the Company, located at or near 3601 Gator Boulevard, Virginia Beach, Virginia, while excavating.
- (7) On the occasions set out in paragraphs (1) through (6) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

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(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Eight Thousand Three Hundred Fifty Dollars (\$8,350) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00191.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.
- (3) The sum of Eight Thousand Three Hundred Fifty Dollars (\$8,350) 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-2015-00199
SEPTEMBER 22, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("Company" or "WGL"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code of Virginia.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.479 (a) - Failure of the Company to properly clean and coat a portion of a pipeline that is exposed to the atmosphere.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operator 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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- (b) 49 C.F.R. § 192.481 (b) - Failure of the Company during inspections to give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations and in spans over water.
- (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 3220, by not utilizing off-set barholes to the side of the marks to minimize the potential for damage.
- (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5374, by one of its employees not wearing level 2 PPE during bar holing operations.
- (e) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5374, by one of its employees not wearing level 1 PPE while working in an excavation where gas is leaking.
- (f) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 3233, by not utilizing a squeeze-off to stop the flow of gas to make repairs or other maintenance work.
- (g) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Operations and Maintenance Manual, Section 5382, by not taking precautions to minimize static discharge when cutting gassed plastic pipe.
- (h) 49 C.F.R. § 192.739 (a) (4) - Failure of the Company to inspect a regulator by not verifying and installing the correct regulator pilot springs.
- (i) 49 C.F.R. § 192.725 (a) - Failure of the Company to perform a pressure test of the disconnected service line in the same manner as a new service line before being reinstated.
- (j) 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 any structure or area where the presence of gas constitutes a hazard of fire or explosion.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of One Hundred Eighty Thousand Dollars (\$180,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(3) Although the civil penalty in this Order 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 or used to fund an O&M action, O&M program, or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. WGL will track the services received from a contractor as a substitute for reimbursement of a fine through journal entries. Specifically, the Company will establish a receivable from the contractor and relieve it as either cash or services are received.

(4) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the 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-2015-00199.
- (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 One Hundred Eighty Thousand Dollars (\$180,000), 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) As agreed to by the Company, WGL 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, or use to fund an O&M action, O&M program or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. WGL shall track the services received from a contractor as a substitute for reimbursement of a fine, through journal entries. Specifically, the Company shall establish a receivable from the contractor and relieve it as either cash or services are received.

(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-2015-00200
SEPTEMBER 22, 2015**

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

v.
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Appalachian Natural Gas Distribution Company ("Company" or "ANGD"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code of Virginia.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.225 (a) - Failure of the Company to perform welds on a segment of transmission pipeline in accordance with the Company's qualified welding procedure.
 - (b) 49 C.F.R. § 192.241 (a) - Failure of the Company to effectively inspect welds on a segment of transmission pipeline to ensure that they are performed in accordance with a qualified procedure.
 - (c) 49 C.F.R. § 192.305 - Failure of the Company to inspect a segment of a transmission pipeline to ensure it is constructed in accordance with the Company's procedures.
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to apply coating to a transmission pipeline in accordance with Appendix B, Section 6 of the Company's procedures and the manufacturer's latest published instructions and requirements.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Thirty-Seven Thousand Dollars (\$37,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operator within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).*

(2) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(3) Although the civil penalty in this Order of Settlement is assessed to ANGD, the probable violations can be attributed to both ANGD and its contractors; however, the ultimate responsibility for compliance with the Pipeline Safety Standards lies with ANGD. For the purpose of this settlement only, the Company agrees that any part of the civil penalties ordered herein recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed, or used to fund an O&M action, O&M program, or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. ANGD will track the services received from a contractor as a substitute for reimbursement of a fine through journal entries. Specifically, the Company will establish a receivable from the contractor and relieve it as either cash or services are received.

(4) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the 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-2015-00200.

(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 Appalachian Natural Gas Distribution Company is hereby accepted.

(3) Pursuant to § 56-257.2 B of the Code of Virginia, the Company shall pay the amount of Thirty-Seven Thousand Dollars (\$37,000), 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) As agreed to by the Company, ANGD 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, or use to fund an O&M action, O&M program, or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. ANGD shall track the services received from a contractor as a substitute for reimbursement of a fine through journal entries. Specifically, the Company shall establish a receivable from the contractor and relieve it as either cash or services are received.

(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-2015-00201
SEPTEMBER 16, 2015**

PETITION OF
KAREN HAMILTON
v.
GAMAL ELNASSEH

ORDER DENYING PETITION

On May 29, 2015, Karen Hamilton ("Hamilton") filed a Petition for formal hearing by the full [State Corporation] Commission ("Commission") ("Petition") against Gamal Elnasseh ("Elnasseh") regarding, among other things, alleged violations of §§ 56-265.17 and 56-265.19 of the Underground Utility Damage Prevention Act, Virginia Code § 56-265.14 *et seq.* ("Damage Prevention Act"). The Petition states in part as follows: "Plaintiff requests the commission to find the defendant guilty, and proceed to Appellate Court. The defendant should be prosecuted for violating the law, for lying to the SCC, for fraud by fabricating a letter and by deceiving Officer Eddington. The defendant should pay the maximum fine."¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Commission will not exercise its discretion to initiate a rule to show cause against Elnasseh, and the Petition shall be denied.

The Damage Prevention Act allows the Commission to "promulgate any rules or regulations necessary to implement the Commission's authority to enforce this chapter" and requires the Commission to establish a specifically defined "advisory committee" that, among other things, "review[s] reports of

¹ Petition at 1.

violations" and "make[s] recommendations to the Commission."² Accordingly, the Commission has previously promulgated Rules for Enforcement of the Underground Utility Damage Prevention Act³ and established an advisory committee as directed by statute.⁴

The Petition does not establish that Commission action, as requested in the Petition, is necessary to comply with the Damage Prevention Act or the Rules. For example, upon receipt of Hamilton's claim of an alleged violation of the Damage Prevention Act, the Rules require: (1) the Commission's Staff ("Staff") to conduct an investigation thereof and to review its findings and recommendations with the advisory committee; and (2) the advisory committee to meet on a periodic basis to review the Staff's findings and recommendations.⁵ The Petition does not assert that such actions have failed to occur regarding Hamilton's claim. The Petition also does not contest that both the Staff and advisory committee did *not* find that a violation of the Damage Prevention Act may have occurred based on such claim.

In addition, even if the advisory committee does not recommend an enforcement action, the Rules nonetheless require the Staff to take specific action (which may include requesting a Rule to Show Cause, akin to the relief sought in the Petition) if the Staff determines "that an enforcement action is required" based on Hamilton's claim.⁶ Having found that an enforcement action is not required, the Staff has not taken further action under the Rules.

Similarly, based on the allegations in the Petition and the circumstance of this case, the Commission likewise concludes not to exercise its discretion to issue a rule to show cause for this matter. Furthermore, the Petition does not establish how the Commission can provide direct relief to Hamilton through its enforcement of the Damage Prevention Act based on the requests made in the Petition. Finally, the Petition also does not establish that the Damage Prevention Act mandates the Commission to initiate any specific prosecution or enforcement thereunder related to this matter.

Accordingly, IT IS HEREBY ORDERED THAT the Petition is denied, and this matter is closed.

² Va. Code §§ 56-265.30 and 56-265.31.

³ 20 VAC 5-309-10 *et seq.* ("Rules").

⁴ 20 VAC 5-309-40.

⁵ 20 VAC 5-309-30 and -40.

⁶ 20 VAC 5-309-40.

**CASE NO. URS-2015-00233
AUGUST 3, 2015**

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 November 19, 2014, and April 28, 2015, 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 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.
- (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 Eight Thousand Two Hundred Dollars (\$8,200) 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-2015-00233.
- (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 Eight Thousand Two Hundred Dollars (\$8,200) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2015-00241
OCTOBER 27, 2015**

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

v.
VERIZON VIRGINIA LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 14, 2015, and May 21, 2015, listed in Attachment A, involving Verizon Virginia LLC ("Company"), the Defendant, and alleges that:

- (1) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on eight occasions 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.
 - (b) Failing on eight occasions to provide to the notification center data that will allow proper notification to the operator of excavation near the operator's utility lines, in violation of 20 VAC 5-309-130 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

- (1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Twelve Thousand Dollars (\$12,000) to be paid contemporaneously with the entry of this Order. This payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.
- (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. 32.7370. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00241.
- (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 Twelve Thousand Dollars (\$12,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

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

**CASE NO. URS-2015-00248
AUGUST 26, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Roanoke Gas Company ("Company"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code of Virginia.
- (2) The Company failed to follow its Operating and Maintenance ("O&M") Manual, Chapter 1, Section XII F. 2, by one of its employees not wearing flame retardant clothing in a confined excavation area while tapping a pressurized main, in violation of 49 C.F.R. § 192.605 (a).

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 Seven Thousand Dollars (\$7,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.
- (2) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.
- (3) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the 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.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operator 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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Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00248.
- (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 Roanoke Gas Company be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code of Virginia, Roanoke Gas Company shall pay the amount of Seven Thousand Dollars (\$7,000), which shall be paid contemporaneously with the entry of this Order.
- (4) Pursuant to Undertaking Paragraph (2), the settlement reached between the Division and the Company does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving 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) This case is hereby dismissed.

**CASE NOS. URS-2015-00297, URS-2015-00395,
URS-2015-00474, & URS-2015-00543
NOVEMBER 23, 2015**

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

v.
VERIZON VIRGINIA LLC,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between June 15, 2015, and September 22, 2015, listed in Attachment A, involving Verizon Virginia LLC ("Company"), the Defendant, and alleges that:

- (1) During the aforementioned period, the Company violated the Act by the following conduct:
 - (a) Failing on numerous occasions 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.
 - (b) Failing on numerous occasions to accurately report the marking status of the underground utility lines to the excavator-operator information exchange system by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.
 - (c) Failing on one occasion to report the marking status of the underground utility line to the excavator-operator information exchange system by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As 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 Thirty-Six Thousand Dollars (\$36,000) 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. 32.7370. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

ANNUAL REPORT OF THE STATE CORPORATION COMMISSION

Accordingly, IT IS ORDERED THAT:

- (1) The captioned cases shall be docketed and assigned Case Nos. URS-2015-00297, URS-2015-00395, URS-2015-00474, and URS-2015-00543.
- (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-Six Thousand Dollars (\$36,000) tendered contemporaneously with the entry of this Order is accepted.
- (4) These cases are hereby dismissed.

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

**CASE NO. URS-2015-00327
OCTOBER 9, 2015**

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 April 1, 2015, and May 28, 2015, 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 one occasion to mark the underground utility lines within the time prescribed in the Act, in violation of § 56-265.19 A of the Code.
 - (c) Failing on one occasion to use all information necessary to mark facilities accurately, in violation 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Six Thousand Three Hundred Dollars (\$6,300) 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-2015-00327.
- (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 Three Hundred Dollars (\$6,300) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of the Admission and Consent form 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-2015-00383
DECEMBER 4, 2015**

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 April 21, 2015, and July 1, 2015, listed in Attachment A, involving Utiliquest, LLC ("Company"), the Defendant, and alleges that:

(1) The Company is a contract locator as that term is defined in § 56-265.15 of the Code and, as a contract locator acting on behalf of an operator, if the Company fails to perform the duties imposed by Chapter 10.3 of Title 56 of the Code, it is subject to the civil penalties set out in § 56-265.32 of the Code pursuant to § 56-265.19 D of the Code.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

- (a) Failing on ten 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 line, in violation of § 56-265.19 A of the Code.
- (b) Failing on six occasions 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.
- (c) Failing on two occasions to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Twelve Thousand Six Hundred Dollars (\$12,600) to be paid contemporaneously with the entry of this Order. The payment will be made by check directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00383.
- (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 Twelve Thousand Six Hundred Dollars (\$12,600) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form 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-2015-00397
SEPTEMBER 25, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLUMBIA GAS OF VIRGINIA, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about July 29, 2014, John George & Company damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("Company"), located at or near 602 Pocahontas Lane, Hopewell, Virginia, while excavating.

(2) On or about April 28, 2015, Blakemore Construction Corporation damaged a one-half-inch plastic gas service stub operated by the Company, located at or near 10 East Randolph Road, Hopewell, Virginia, while excavating.

(3) On or about May 4, 2015, the City of Waynesboro damaged a one-inch plastic gas service line operated by the Company, located at or near 1072 Lyndhurst Road, Waynesboro, Virginia, while excavating.

(4) On or about May 13, 2015, Blue Water Management LLC damaged a two-inch plastic gas main line operated by the Company, located at or near 18 West Princeton Circle, Unit 74, Lynchburg, Virginia, while excavating.

(5) On the occasions set out in paragraphs (1), (2), (3) and (4) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of § 56-265.19 A of the Code.

(6) On or about March 23, 2015, DLB, Inc., damaged a one-half-inch plastic gas service line operated by the Company, located at or near 1004 Broad Street, Campbell County, Virginia, while excavating.

(7) On or about April 24, 2015, IC Contracting LLC damaged a two-inch plastic gas main line operated by the Company, located at or near 7914 Midlothian Turnpike, Chesterfield County, Virginia, while excavating.

(8) On the occasions set out in paragraphs (6) and (7) above, the Company failed to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of § 56-265.19 A of the Code.

(9) On or about April 29, 2015, the Company damaged a one-half-inch plastic gas service line located at or near 124 Clairridge Court, Richmond, Virginia, while excavating.

(10) On the occasion set out in paragraph (9) 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.

(11) On or about May 11, 2015, the Company damaged a two-and-one-half-inch plastic gas main line located at or near 1815 Dublin Street, Hopewell, 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 the underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.*

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of Eleven Thousand Nine Hundred Fifty Dollars (\$11,950) to be paid contemporaneously with the entry of this Order. This payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

(2) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00397.
- (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 Nine Hundred Fifty Dollars (\$11,950) 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-2015-00473
DECEMBER 10, 2015**

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, § 56-265.14 *et seq.* of the Code. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between May 20, 2015, and August 25, 2015, 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 four 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 provide markings at sufficient intervals to clearly indicate the approximate horizontal location and direction of the underground utility line, in violation of 20 VAC 5-309-110 B of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Rule"), 20 VAC 5-309-10 *et seq.*
 - (d) Failing on one occasion to use all information necessary to mark facilities accurately, in violation of Rule 20 VAC 5-309-110 M.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Five Thousand Six Hundred Dollars (\$5,600) to be paid contemporaneously with the entry of this Order. The payment will be made by check payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Utility and Railroad Safety.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

- (1) The captioned case shall be docketed and assigned Case No. URS-2015-00473.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of settlement made by the Company is hereby accepted.

- (3) The sum of Five Thousand Six Hundred Dollars (\$5,600) tendered contemporaneously with the entry of this Order is accepted.
- (4) This case is hereby dismissed.

NOTE: A copy of Attachment A and the Admission and Consent form on file and 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-2015-00476
OCTOBER 28, 2015**

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia, which allows the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division") is charged with the investigation of each jurisdictional gas company's compliance with the Safety Standards; has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("Company" or "WGL"), the Defendant, and alleges that:

- (1) The Company is a person within the meaning of § 56-257.2 B of the Code of Virginia.
- (2) The Company violated the Commission's Safety Standards by the following conduct:
 - (a) 49 C.F.R. § 192.605 (a) - Failure of the Company to have an adequate procedure, developed to comply with 49 C.F.R. § 192.225 (a), by not delineating when to verify proper amperage and voltage on welding equipment.
 - (b) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 4091, by not performing a monthly verification test of a combustible gas indicator to ensure the device was properly calibrated.
 - (c) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 4086, by not making a temporary repair into a permanent repair as soon as possible.
 - (d) 49 C.F.R. § 192.605 (a) - Failure of the Company to follow its Engineering and Operating Standards, Section 5378, by wearing and using a cell phone while working over excavated areas where natural gas was present.

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-Two Thousand Dollars (\$72,000), which shall be paid contemporaneously with the entry of this Order. The payment shall be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218-1197.

(2) 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.

¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

(3) 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. The ultimate responsibility for compliance with the Pipeline Safety Standards lies with WGL. 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 or used to fund an operations and maintenance ("O&M") action, O&M program, or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. WGL will track the services received from a contractor as a substitute for reimbursement of a fine through journal entries. Specifically, the Company will establish a receivable from the contractor and relieve it as either cash or services are received.

(4) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, finding sufficient basis herein for the entry of this Order and in reliance on the 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-2015-00476.
- (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 Seventy-Two Thousand Dollars (\$72,000), 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) As agreed to by the Company, WGL 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, or used to fund an O&M action, O&M program or O&M project, including for incremental pipeline safety initiatives in Virginia. In no event will a reimbursement be used to fund a capital project. WGL shall track the services received from a contractor as a substitute for reimbursement of a fine, through journal entries. Specifically, the Company shall establish a receivable from the contractor and relieve it as either case of services are received.
- (6) This case is dismissed.

**CASE NO. URS-2015-00547
DECEMBER 4, 2015**

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

v.
ARIA ENERGY, LLC,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found at 49 U.S.C. § 60101 *et seq.*, formerly the Natural Gas Pipeline Safety Act, require the Secretary of Transportation ("Secretary") to establish minimum federal safety standards for the transportation of gas and pipeline facilities. The Secretary is further authorized to delegate to an appropriate state agency the authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation.

The State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia to prescribe and enforce compliance with standards for gas pipeline facilities used for intrastate transportation. In Case No. PUE-1989-00052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia.¹ The Commission is authorized to enforce the Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("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 Aria Energy, LLC ("Company"), the Defendant, and alleges that:

¹ *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. § 192.603 (b) - Failure of the Company to keep records necessary to administer the procedure established under 49 C.F.R. §192.605.
 - (b) 49 C.F.R. § 192.709 (c) - Failure of the Company to have a patrolling program to observe surface conditions on and adjacent to its transmission pipeline right of way for indications of leaks, construction activity, and other factors affecting safety and operation of the pipeline.
 - (c) 49 C.F.R. § 192.709 (c) - Failure of the Company to record leakage surveys of its transmission pipeline at intervals not exceeding 15 months, but at least once each calendar year.

The Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall pay to the Commonwealth of Virginia the amount of Fourteen Thousand Five Hundred Eighty Dollars (\$14,580), of which Ten Thousand Dollars (\$10,000) shall be paid contemporaneously with the entry of this Order. The remaining Four Thousand Five Hundred Eighty Dollars (\$4,580) 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 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) Beginning in 2016, the Company agrees to carry out a public awareness program at least once a year that includes direct mail to excavators that may work around the Company's pipelines in Virginia with information on excavation damage prevention and how to recognize and respond to a gas leak or gas emergency.

(3) On or before March 31, 2016, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit executed by the President of Aria Energy, LLC certifying that the Company has begun 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 Four Thousand Five Hundred Eighty Dollars (\$4,580) 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 Four Thousand Five Hundred Eighty Dollars (\$4,580) 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 Eighty Dollars (\$4,580), it may recommend to the Commission a reduction in the amount due. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

NOW THE COMMISSION, 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-2015-00547.
- (2) Pursuant to the authority granted to the Commission by § 12.1-15 of the Code, the offer of compromise and settlement made by Aria Energy, LLC be, and it hereby is, accepted.
- (3) Pursuant to § 56-257.2 B of the Code, Aria Energy, LLC shall pay the amount of Fourteen Thousand Five Hundred Eighty Dollars (\$14,580), which may be suspended and subsequently vacated, in whole or in part, as provided in Undertaking Paragraph (1) of this Order.
- (4) The sum of Ten Thousand Dollars (\$10,000) tendered contemporaneously with the entry of this Order is accepted. The remaining Four Thousand Five Hundred Eighty Dollars (\$4,580) 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.

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 2014 and 2015.

CORPORATIONS	<u>12/31/14</u>	<u>12/31/15</u>
<u>Virginia Corporations</u>		
Certificates of Incorporation issued.....	13,052	13,290
Voluntary terminations.....	3,174	3,242
Involuntary terminations.....	1	0
Automatic terminations (Assessment/AR/RA Resignation).....	14,510	14,810
Reinstatement of terminated corporations.....	5,499	6,562
Charters Amended.....	1,874	1,799
<u>On Record</u>		
Active Stock Corporations.....	127,409	125,086
Active Non-Stock Corporations.....	43,288	43,682
Total Active Virginia Corporations.....	170,697	168,768
<u>Foreign Corporations</u>		
Certificates of Authority to do business in Virginia issued.....	3,174	3,016
Voluntary withdrawals from Virginia.....	934	993
Automatic Revocations (Assessment/AR/RA Resignation).....	2,180	2,245
Reentry of surrendered or revoked certificates.....	1,078	1,223
Charters Amended.....	684	714
<u>On Record</u>		
Active Stock Corporations.....	36,649	36,711
Active Non-Stock Corporations.....	2,707	2,742
Total Active Foreign Corporations.....	39,356	39,453
Total Active Corporations (Virginia and Foreign).....	210,053	208,221
LIMITED LIABILITY COMPANIES		
<u>Virginia Limited Liability Companies</u>		
Certificates of Organization issued.....	53,281	55,447
Voluntary cancellations.....	5,969	7,228
Automatic cancellations (Assessment/RA Resignation).....	29,785	32,762
Reinstatement of canceled certificates.....	5,657	6,317
Articles of Organization amended.....	2,330	2,460
<u>On Record</u>		
Active Virginia Limited Liability Companies.....	268,763	287,157
<u>Foreign Limited Liability Companies</u>		
Certificates of Registration issued.....	3,802	4,022
Voluntary cancellations.....	875	990
Automatic cancellations (Assessment/RA Resignation).....	1,271	1,441
Reinstatement of canceled certificates.....	363	386
Certificates of Registration amended.....	0	0
<u>On Record</u>		
Active Foreign Limited Liability Companies.....	24,083	25,750
Total Active Limited Liability Companies (Virginia and Foreign).....	292,846	312,907

BUSINESS TRUSTS

<u>Virginia Business Trusts</u>	12/31/14	12/31/15
Certificates of Trust issued.....	23	32
Voluntary cancellations.....	5	2
Automatic cancellations (Assessment/RA Resignation).....	28	13
Reinstatement of cancelled certificates.....	6	3
Articles of Trust amended.....	2	3
 On Record		
Active Virginia Business Trusts.....	208	227
 <u>Foreign Business Trusts</u>		
Certificates of Registration issued.....	12	8
Voluntary cancellations.....	3	4
Automatic cancellations (Assessment/RA Resignation).....	2	4
Reinstatement of cancelled certificates.....	1	0
Certificates of Registration amended.....	0	0
 On Record		
Active Foreign Business Trusts.....	77	75
 Total Active Business Trusts (Virginia and Foreign).....	285	302

LIMITED PARTNERSHIPS

<u>Virginia Limited Partnerships</u>		
Certificates of Limited Partnership Filed.....	137	145
Voluntary cancellations.....	89	106
Automatic cancellations (Assessment/RA Resignation).....	236	224
Reinstatement of cancelled certificates.....	75	63
Certificates of Limited Partnership amended.....	160	287
 On Record		
Active Virginia Limited Partnerships.....	5,074	4,921
 <u>Foreign Limited Partnerships</u>		
Certificates of Registration Filed.....	110	124
Voluntary cancellations.....	70	57
Automatic cancellations (Assessment/RA Resignation).....	47	49
Reinstatement of cancelled certificates.....	23	13
Certificates of Registration amended.....	0	0
 On Record		
Active Foreign Limited Partnerships.....	1,568	1,589
 Total Active Limited Partnerships (Virginia and Foreign).....	6,642	6,510

GENERAL PARTNERSHIPS

General Partnership Statements filed.....	112	105
 On Record		
Active Virginia General Partnerships.....	788	722
Active Foreign General Partnerships.....	88	89
 Total Active General Partnerships (Virginia and Foreign).....	876	811

REGISTERED LIMITED LIABILITY PARTNERSHIPS

Virginia Registered Limited Liability Partnerships filed.....	74	65
Foreign Registered Limited Liability Partnerships filed.....	30	30
 Total Active Registered Limited Liability Partnerships (Virginia and Foreign).....	1,360	1,336

**COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE
FOR THE FISCAL YEAR ENDING JUNE 30, 2014, AND JUNE 30, 2015**

<u>General Fund</u>	<u>2014</u>	<u>2015</u>	<u>(Difference)</u>
Charter Fees	1,254,185.00	1,351,460.00	97,275.00
Entrance Fees	1,323,295.00	1,272,330.00	(50,965.00)
Filing Fees	627,190.00	625,275.00	(1,915.00)
Registered Name	1,640.00	1,600.00	(40.00)
Registered Office and Agent	0.00	0.00	0.00
Service of Process	44,780.00	44,720.00	(60.00)
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	0.00	1,074.74	1,074.74
Uniform Commercial Code Revenues	1,542,640.00	1,539,080.00	(3,560.00)
Excess Fees Paid into State Treasury	258,608.11	275,025.77	16,417.66
Miscellaneous Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$5,052,338.11	\$5,110,565.51	\$58,227.40
<u>Special Fund</u>			
Domestic-Foreign Corp. Registration Fee	\$31,766,566.55	\$31,737,524.22	(\$29,042.33)
Limited Partnership Registration Fee	340,817.00	330,882.00	(9,935.00)
Reserved Name - Limited Partnership	12,650.00	10,625.00	(2,025.00)
Certificate Limited Partnership	14,375.00	14,125.00	(250.00)
Application Reg. Foreign LP	12,550.00	11,600.00	(950.00)
Reinstatement LP	15,800.00	13,500.00	(2,300.00)
Registration Fee LLC	11,756,684.60	13,014,386.31	1,257,701.71
Application For. Reg. LLC	370,000.00	381,225.00	11,225.00
Art. of Org. Dom. LLC	5,172,150.00	5,367,800.00	195,650.00
AMEND, CANC, CORR. RAC, Etc. LLC	279,950.00	321,325.00	41,375.00
SCC Bad Check Fee	14,358.00	17,237.00	2,879.00
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,408,170.60	1,555,679.15	147,571.55
Statement of Reg. As Domestic LLP	5,700.00	4,800.00	(900.00)
LLP Annual Continuation	71,000.00	62,100.00	(8,900.00)
Statement of Partnership Authority GP Dom	2,300.00	2,525.00	225.00
Statement of Partnership Authority GP For	300.00	275.00	(25.00)
Statement of Amendments GP	1,475.00	1,600.00	125.00
Statement of Reg. As Foreign LLP	2,400.00	2,600.00	200.00
Statement of Amendment LLP	600.00	500.00	(100.00)
Reinstatement/Reentry LLC	568,725.00	658,425.00	89,700.00
Tape Sales, Misc Fees	11,150.00	22,650.00	11,500.00
Copies, Recording Fees	404,712.00	417,032.95	12,320.95
Recovery of Prior Yr Expenses	0.00	0.00	0.00
LLP Reinstatement	50.00	0.00	(50.00)
Expedite Fee Collected	<u>1,124,660.00</u>	<u>1,105,406.00</u>	<u>(19,254.00)</u>
TOTAL	\$53,357,080.75	\$55,053,822.63	\$1,696,741.88
<u>Valuation Fund</u>			
Corp Operations Rec. of Copy and Cert. Fees	\$485.00	\$650.00	\$165.00
Recovery of Prior Year Expenses	<u>108,365.00</u>	<u>107,692.00</u>	<u>(673.00)</u>
TOTAL	\$108,850.00	\$108,342.00	(\$508.00)
<u>Trust & Agency Fund</u>			
Fines imposed and collected by SCC:	\$809,150.00	\$1,051,000.00	\$241,850.00
Debt Set Off Collections:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$809,150.00	\$1,051,000.00	\$241,850.00
GRAND TOTAL	\$59,327,418.86	\$61,323,730.14	\$1,996,311.28

**COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS
FOR FISCAL YEARS ENDING JUNE 30, 2014, AND JUNE 30, 2015**

	<u>2014</u>	<u>2015</u>
Banks	\$8,989,662.00	\$7,859,989.00 (1)
Savings Institutions and Savings Banks	8,910.00	7,977.00
Consumer Finance Licensees	358,248.00	500,357.00
Credit Unions	1,505,067.00	777,148.00 (2)
Trust subsidiaries and Trust Companies	32,119.00	57,173.00
Industrial Loan Associations	6,000.00	3,600.00
Money Order Sellers and Transmitters	573,452.00	611,301.00
Credit Counseling Agency Licensees	58,004.00	93,780.00
Mortgage Lenders and Mortgage Brokers	1,458,488.00	1,301,447.00
Mortgage Loan Originators	1,634,200.00	1,728,680.00
Check Cashers	93,850.00	111,000.00
Payday Lenders	307,802.00	317,328.00
Motor Vehicle Title Lenders	658,144.00	747,705.00
Miscellaneous Collections	84,561.00	86,658.00
TOTAL	\$15,768,507.00	\$14,204,143.00

Notes:

(1) The bank and savings institutions assessments were reduced 10% in Fiscal Year 2015.

(2) The credit union assessment was reduced 50% in Fiscal Year 2015.

CONSUMER SERVICES

The Bureau received and acted upon 444 formal written complaints during 2015 and recovered \$236,520 on behalf of Virginia consumers.

**COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE
FOR THE FISCAL YEARS ENDING JUNE 30, 2014, AND JUNE 30, 2015**

<u>General Fund</u>	<u>2014</u>	<u>2015</u>	Increase or (Decrease)
Gross Premium Taxes of Insurance Companies	\$369,941.17	\$24,170.93	(\$345,770.24)
Fraternal Benefit Societies Licenses	480.00	480.00	0.00
Interest on Delinquent Taxes	98,982.40	3,392.99	(95,589.41)
Penalty on non-payment of taxes by due date	56,389.60	1,306.48	(55,083.12)
 <u>Special Fund</u>			
Company License Application Fee	12,000.00	10,500.00	(1,500.00)
Health Maintenance Organization License Fee	0.00	0.00	0.00
Automobile Club/ Agent Licenses	7,400.00	6,700.00	(700.00)
Insurance Premium Finance Companies Licenses	13,000.00	14,600.00	1,600.00
Fraternal Benefit Societies Licenses	0.00	0.00	0.00
Agents Appointment Fees	16,929,246.00	14,973,042.00	(1,956,204.00)
Surplus Lines Broker Licenses	108,650.00	112,850.00	4,200.00
Home Service Contract Providers License Fee	7,000.00	8,000.00	1,000.00
Title Settlement Agents Fee	75,860.00	7,990.00	(67,870.00)
Producer License Application Fees	991,700.00	1,063,155.00	71,455.00
Surety Bail Bondsmen License Fee	0.00	0.00	0.00
P&C Consultant License Fees	70,300.00	72,750.00	2,450.00
Recording, Copying, and Certifying			
Public Records Fee	16,175.52	6,663.00	(9,512.52)
SCC Bad Check Fee	0.00	175.00	175.00
Managed Care Health Ins. Plan Appeals Fee	0.00	0.00	0.00
Administrative Penalty Payment	266,000.00	0.00	(266,000.00)
State Publication Sales	0.00	0.00	0.00
Assessments To Insurance Companies for			
Maintenance of the Bureau of Insurance	7,472,927.91	8,375,454.23	902,526.32
Reinsurance Intermediary Broker Fees	1,000.00	1,000.00	0.00
Reinsurance Intermediary Managers Fee	0.00	0.00	0.00
Managing General Agent Fees	7,500.00	6,500.00	(1,000.00)

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Viatical Settlement Provider License Fees	8,900.00	7,800.00	(1,100.00)
Viatical Settlement Broker License Fees	10,100.00	9,550.00	(550.00)
MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	13,000.00	33,515.00	20,515.00
Appointment Fee Penalty	70,950.00	120,500.00	49,550.00
Miscellaneous Revenue	328.00	2,207.00	1,879.00
Recovery of Prior Year Expenses	98,156.03	58,427.90	(39,728.13)
Fire Programs Fund	34,810,046.21	36,502,568.85	1,692,522.64
Fire Programs Fund Interest	0.00	0.00	0.00
DMV Uninsured Motorist Transfer	4,715,410.15	6,313,564.48	1,598,154.33
Flood Assessment Fund	216,831.53	219,275.85	2,444.32
Heat Assessment Fund	1,865,573.69	1,922,032.06	56,458.37
Fines Imposed by State Corporation Commission	2,350,478.31	1,535,771.68	(814,706.63)
Fraud Assessment Fund	5,606,869.83	5,856,883.12	250,013.29
Fraud Assessment Interest	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$76,271,196.35	\$77,270,825.57	\$999,629.22

**COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES
FOR THE YEARS 2014 AND 2015**

Class of Company	Value of All Taxable Property Including Rolling Stock		Increase or (Decrease)
	2014	2015	
Electric Light & Power Corporations	\$28,044,097,968.00	\$29,583,754,225.00	\$1,539,656,257.00
Gas Corporations	2,258,735,551.00	2,440,448,063.00	181,712,512.00
Motor Vehicle Carriers (Rolling Stock only)	41,177,625.00	35,890,575.00	(5,287,050.00)
Telecommunications Companies	7,668,177,801.00	7,871,116,495.00	202,938,694.00
Water Corporations	<u>244,551,778.00</u>	<u>289,125,331.00</u>	<u>44,573,553.00</u>
TOTAL	\$38,256,740,723.00	\$40,220,334,689.00	\$1,963,593,966.00

**COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE
COMPANIES FOR THE YEARS 2014 AND 2015**

Class of Company	The Annual License Tax		Increase or (Decrease)
	2014	2015	
Water Corporations	<u>\$2,076,095.00</u>	<u>\$2,099,513.00</u>	<u>\$23,418.00</u>
TOTAL	\$2,076,095.00	\$2,099,513.00	\$23,418.00

**COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX
FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF
UTILITY COMPANIES FOR THE YEARS 2014 AND 2015**

Class of Company	2014	2015	Increase or (Decrease)
Motor Vehicle Carriers	\$55,679.00	\$46,576.00	(\$9,112.00)
Railroad Companies	878,919.00	879,197.00	278.00
Telecommunications Companies	9,916,041.00	10,676,092.00	760,051.00
Virginia Pilots Association	40,208.00	40,152.00	(56.00)
Water Corporations	<u>166,088.00</u>	<u>167,961.00</u>	<u>1,873.00</u>
TOTAL	\$11,056,935.00	\$11,809,969.00	\$753,034.00

Railroad Companies assessed at five-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2014.

Railroad Companies assessed at five-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2015.

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Cities</u>	<u>2014</u>	<u>2015</u>	<u>Increase or Decrease</u>
Alexandria	\$440,476,325	\$460,014,973	\$19,538,648
Bristol	13,114,688	13,806,518	691,830
Buena Vista	14,528,644	20,284,840	5,756,196
Charlottesville	122,474,570	126,948,400	4,473,830
Chesapeake	924,945,382	771,601,229	(153,344,153)
Colonial Heights	31,974,268	34,119,669	2,145,401
Covington	266,413,018	271,902,660	5,489,642
Danville	38,667,116	39,434,311	767,195
Emporia	17,616,971	18,687,229	1,070,258
Fairfax	103,113,307	104,546,199	1,432,892
Falls Church	22,995,153	23,879,625	884,472
Franklin	4,790,050	4,805,877	15,827
Fredericksburg	95,856,672	93,491,588	(2,365,084)
Galax	15,688,304	14,751,447	(936,857)
Hampton	306,748,590	319,900,614	13,152,024
Harrisonburg	42,022,964	43,845,325	1,822,361
Hopewell	354,744,766	360,633,766	5,889,000
Lexington	17,550,744	18,810,443	1,259,699
Lynchburg	178,077,623	187,676,453	9,598,830
Manassas	74,343,053	88,556,339	14,213,286
Manassas Park	24,327,614	23,255,809	(1,071,805)
Martinsville	22,256,707	23,521,493	1,264,786
Newport News	469,860,874	468,033,045	(1,827,829)
Norfolk	606,671,987	619,281,704	12,609,717
Norton	19,703,998	17,765,272	(1,938,726)
Petersburg	103,288,692	122,386,648	19,097,956
Poquoson	18,908,051	19,667,864	759,813
Portsmouth	380,286,500	363,202,086	(17,084,414)
Radford	16,529,529	16,958,638	429,109
Richmond	906,302,569	892,948,644	(13,353,925)
Roanoke	278,566,119	277,946,288	(619,831)
Salem	27,929,762	28,413,549	483,787
Staunton	73,144,654	74,412,565	1,267,911
Suffolk	303,534,152	325,047,387	21,513,235
Virginia Beach	874,208,208	894,145,949	19,937,741
Waynesboro	100,221,675	101,237,023	1,015,348
Williamsburg	50,431,842	50,231,866	(199,976)
Winchester	62,952,036	65,251,503	2,299,467
<u>Total Cities</u>	\$7,425,267,177	\$7,401,404,838	(\$23,862,339)

**COMPARATIVE STATEMENT OF ASSESSED VALUES OF
PROPERTIES OF PUBLIC SERVICE CORPORATIONS
AS ASSESSED BY THE STATE CORPORATION COMMISSION**

<u>Counties</u>	<u>2014</u>	<u>2015</u>	<u>Increase or Decrease</u>
Accomack	\$297,131,476	\$296,382,078	(\$749,398)
Albemarle	327,615,867	356,947,976	29,332,109
Alleghany	150,763,454	150,909,959	146,505
Amelia	34,325,759	34,945,100	619,341
Amherst	82,898,820	87,315,894	4,417,074
Appomattox	42,267,212	50,148,835	7,881,623
Arlington	785,673,362	878,374,931	92,701,569
Augusta	288,018,534	349,095,573	61,077,039
Bath	1,481,721,303	1,448,466,862	(33,254,441)
Bedford	228,033,728	240,970,186	12,936,458

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Bland	69,157,475	68,887,711	(269,764)
Botetourt	183,092,193	202,066,460	18,974,267
Brunswick	83,126,895	479,655,178	396,528,283
Buchanan	74,759,980	96,323,296	21,563,316
Buckingham	595,848,151	593,309,197	(2,538,954)
Campbell	263,538,298	278,490,226	14,951,928
Caroline	438,320,012	433,776,938	(4,543,074)
Carroll	95,020,014	98,635,638	3,615,624
Charles City	91,341,604	113,608,563	22,266,959
Charlotte	42,544,381	48,948,089	6,403,708
Chesterfield	1,275,861,873	1,293,533,290	17,671,417
Clarke	55,137,268	57,688,113	2,550,845
Craig	14,601,241	16,609,743	2,008,502
Culpeper	159,309,851	195,872,837	36,562,986
Cumberland	44,655,026	44,629,928	(25,098)
Dickenson	72,044,806	71,360,834	(683,972)
Dinwiddie	132,031,460	150,859,401	18,827,941
Essex	43,239,910	45,476,749	2,236,839
Fairfax	3,307,809,071	3,447,811,383	140,002,312
Fauquier	598,399,025	601,922,748	3,523,723
Floyd	56,438,145	57,901,253	1,463,108
Fluvanna	452,217,947	494,232,188	42,014,241
Franklin	163,662,249	169,206,975	5,544,726
Frederick	347,228,576	403,108,374	55,879,798
Giles	123,911,742	105,995,822	(17,915,920)
Gloucester	133,618,008	137,719,792	4,101,784
Goochland	91,437,457	101,261,952	9,824,495
Grayson	46,905,446	47,502,121	596,675
Greene	39,719,015	42,010,237	2,291,222
Greensville	38,456,635	41,505,419	3,048,784
Halifax	1,014,137,000	1,034,363,097	20,226,097
Hanover	555,625,604	582,981,317	\$27,355,713
Henrico	844,669,851	897,696,663	53,026,812
Henry	139,329,507	144,502,216	5,172,709
Highland	17,029,463	19,049,929	2,020,466
Isle of Wight	129,664,993	135,931,661	6,266,668
James City	206,258,630	216,009,366	9,750,736
King and Queen	25,554,964	26,983,745	1,428,781
King George	252,059,788	272,382,376	20,322,588
King William	46,393,963	48,303,754	1,909,791
Lancaster	57,257,295	57,321,237	63,942
Lee	45,605,130	52,499,656	6,894,526
Loudoun	1,605,078,322	1,838,662,209	233,583,887
Louisa	2,582,314,368	2,475,792,032	(106,522,336)
Lunenburg	45,642,910	50,899,092	5,256,182
Madison	47,610,013	46,593,711	(1,016,302)
Mathews	23,512,456	24,092,363	579,907
Mecklenburg	278,685,555	284,983,504	6,297,949
Middlesex	44,518,007	45,486,553	968,546
Montgomery	174,501,682	179,224,379	4,722,697
Nelson	79,720,090	80,041,583	321,493
New Kent	109,462,917	117,132,066	7,669,149
Northampton	48,905,309	52,297,204	3,391,895
Northumberland	45,154,586	47,412,637	2,258,051
Nottoway	60,059,779	59,090,418	(969,361)
Orange	99,037,329	100,560,903	1,523,574
Page	65,000,598	68,463,241	3,462,643
Patrick	55,983,288	57,845,692	1,862,404
Pittsylvania	281,006,058	289,872,356	8,866,298
Powhatan	88,157,885	91,840,900	3,683,015
Prince Edward	75,077,019	75,257,522	180,503
Prince George	121,294,515	150,293,791	28,999,276
Prince William	1,467,995,349	1,616,240,210	148,244,861
Pulaski	114,112,390	116,037,388	1,924,998
Rappahannock	52,611,509	54,113,898	1,502,389
Richmond	62,996,761	60,609,478	(2,387,283)
Roanoke	241,801,518	245,679,447	3,877,929
Rockbridge	133,135,867	152,282,789	19,146,922
Rockingham	240,401,733	300,251,386	59,849,653

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Russell	225,658,498	211,689,155	(13,969,343)
Scott	85,038,615	91,057,150	6,018,535
Shenandoah	180,929,453	190,765,202	9,835,749
Smyth	95,091,574	97,018,256	1,926,682
Southampton	161,295,415	168,357,047	7,061,632
Spotsylvania	329,595,516	343,774,862	14,179,346
Stafford	378,230,668	382,263,047	4,032,379
Surry	1,804,802,229	1,782,740,381	(22,061,848)
Sussex	73,908,724	82,967,107	9,058,383
Tazewell	120,673,624	122,966,680	2,293,056
Warren	795,989,443	1,065,114,662	269,125,219
Washington	158,260,992	164,007,136	5,746,144
Westmoreland	58,762,639	59,991,286	1,228,647
Wise	1,323,561,417	1,422,289,570	98,728,153
Wythe	148,374,068	164,114,408	15,740,340
York	420,875,776	431,373,709	10,497,933
<u>Total Counties</u>	\$30,790,295,921	\$32,783,039,276	\$1,992,743,355
<u>Total Cities & Counties</u>	\$38,215,563,098	\$40,184,444,114	\$1,968,881,016

**COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL
FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 2014, AND DECEMBER 31, 2015**

	<u>2014</u>	<u>2015</u>	Increase or (Decrease)
Securities Act	\$9,994,381.68	\$10,399,260.78	\$404,879.10
Retail Franchising Act	\$493,600.00	\$536,550.00	\$42,950.00
Trademarks-Service Marks	\$27,330.00	\$31,530.00	\$4,200.00
Penalties	\$157,597.00	\$279,806.00	\$122,209.00
Global Settlement Penalties	\$45,000.00	\$30,000.00	(\$15,000.00)
Cost of Investigations	<u>\$54,100.00</u>	<u>\$99,500.00</u>	<u>\$45,400.00</u>
TOTAL	\$10,772,008.68	\$11,376,646.78	\$604,638.10

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2015

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 2015.

<u>General Rate Cases/Biennial Reviews</u>	
Electric Companies	2
Electric Cooperatives	1
Gas Companies	2
Water Companies	4
Other	<u>3</u>
Total General Rate Cases/Biennial Reviews	12
<u>Certificates of Public Convenience and Necessity</u>	1
<u>Rate Adjustment Clauses</u>	
Electric Companies	22
<u>Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans</u>	
Gas Companies	12
<u>Annual Informational Filings/Earnings Tests</u>	
Electric Companies	0
Gas Companies	9
Water Companies	<u>4</u>
Total Annual Informational Filings/Earnings Tests	13
<u>Fuel Factor Cases - Electric Companies</u>	3
<u>Depreciation Studies</u>	
Electric Companies	1
Electric Cooperatives	2
Natural Gas Companies	2
Water Companies	<u>1</u>
Total Depreciation Studies	6
<u>Other Reviews and Studies</u>	4
During 2015 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>	22
<u>Affiliates Act Cases</u>	
Service Agreements	19
Tax Allocation Agreements	2
Transportation Service Agreements	<u>1</u>
Total	22
<u>Utility Transfers Act Cases</u>	
Transfers of Control	16
Transfers of Assets	<u>10</u>
Total	26
<u>Total Chapter 3, 4 and 5 Cases</u>	<u>70</u>
<u>Licensure Cases</u>	11

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Personnel:

The Commission's Division of Utility Accounting and Finance consisted of the following personnel on December 31, 2015:

<u>Description</u>	<u>Filled</u>	<u>Vacant</u>
Director	1	
Deputy Director	4	
UAF Manager	6	1
Systems Supervisor	1	
Office Supervisor	2	
Principal Utility Analyst	2	
Senior Utility Analyst	2	1
Utility Analyst	1	1
Principal Utility Accountant	1	
Senior Utility Accountant	3	
Utility Accountant	6	4
<u>Total</u>	29	7

DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. It oversees and monitors the continued implementation of competition in jurisdictional landline telecommunications markets with the goal of achieving an effective regulatory environment that balances the advancement of competition with the protection of consumers. The Division assists the Commission in developing, implementing, and enforcing alternatives to traditional forms of regulation as competition evolves. It monitors, enforces, and makes interpretations on certain rates, tariffs, and operating procedures of investor-owned telecommunications utilities. With a major focus on public health and safety, the Division enforces service standards and investigates and resolves consumer inquiries and complaints. It assures compliance with tariff regulations, maintains territorial maps, coordinates extended area service studies, enforces pay telephone regulations, and performs special studies. The Staff testifies in rate, service, and generic hearings, and meets with the public on communications issues and problems. The Staff also assists in carrying out provisions of the Federal Telecommunications Act of 1996, monitors developments at the federal level, and prepares Commission responses where appropriate.

At the end of 2015, there were subject to the regulatory oversight of the Division:

14	Incumbent Investor-Owned Local Exchange Telephone Companies
153	Competitive Local Exchange Telephone Companies
104	Long Distance Telephone Companies
35	Payphone Service Providers
11	Operator Service Providers for Payphones

SUMMARY OF 2015 ACTIVITIES

Consumer Complaints Investigated:	1,987
Wireline Complaints	1,703
Wireless Complaints	284
Total Consumer Credit Adjustments:	\$595,251
Wireline Credit Adjustments	\$574,332
Wireless Credit Adjustments	\$20,919
Service Quality Oversight:	
Network Access Lines (reported as of June 30, 2015)	2,375,546
Tariff revisions received:	
Incumbent Local Exchange Companies	66
Competitive Local Exchange Companies	68
Interexchange Companies	4
Tariff sheets filed:	
Incumbent Local Exchange Companies	474
Competitive Local Exchange Companies	469
Interexchange Companies	16
Promotional Filings:	
Incumbent Local Exchange Companies	6
Competitive Local Exchange Companies	4
Interexchange Companies	0
Cases in which staff members prepared testimony, reports, or comments	7
Certificates of Convenience and Necessity:	
Competitive Local Exchange Companies	
Granted	6
Amended	8
Canceled	4
Interexchange Companies	
Granted	5
Amended	5

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Canceled	3
Interconnection Agreements or Amendments approved or dismissed	11
Payphone registration and rules enforcement provided on:	
Local Exchange Company payphone service providers	5
Local Exchange Company payphones	129
Private payphone service providers	30
Private payphones	1,619
Payphone audits	0
General Network/Infrastructure Field Reviews	17

OTHER:

Assisted Commission counsel with respect to formal rate, service, and generic matters.

Conducted 911 follow up inspections at Verizon's central offices and continued monitoring compliance with the SCC's 911 safety and reliability requirements pursuant to Case No. PUC-2012-00042.

Represented the Commission during the General Assembly session on matters relating to telecommunications legislation.

Continued to monitor companies that have elected to offer services on a non-tariffed or de-tariffed basis as allowed by 2011 legislation. To date, 37 companies have notified the Division they will be offering some or all retail services without a tariff. The Division provides website links to the companies' product guides on its home page.

Responded to questionnaires and inquiries from the National Association of Regulatory Utility Commissioners ("NARUC") and others with respect to telecommunications matters.

Participated in matters affecting communications policy with federal agencies.

Participated in Chapter 5 (Utility Transfers Act) cases with the Division of Utility Accounting and Finance.

Managed Virginia's telephone number utilization program.

Monitored Virginia Universal Service Plan (Lifeline) participation, and participated in a multi-state Universal Service/Eligible Telecommunications Carrier group.

Monitored Verizon Virginia's Performance Assurance Plan.

Monitored and maintained Local Exchange Company bonds, received biannual reporting and monitoring information, and conducted required Gross Domestic Product Price Index calculations.

Represented the Commission at Metropolitan Washington Council of Governments meetings relating to 911 emergency call services matters.

Staff member serves on the NARUC Staff Subcommittee on Communications.

Continued outreach activities by making presentations to trade and citizen groups, associations, and telephone companies.

DIVISION OF ENERGY REGULATION

The Division of Energy Regulation assists the Commission in fulfilling its statutory responsibilities pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; reviewing cost allocation methodology and rate design philosophies; reviewing long term utility resource plans; and providing expert testimony in these matters.

The Division provides expert testimony in certificate cases for service areas and major facility construction of public utilities and independent power producers. After such certificates are granted, the Division is responsible for maintaining the official certificates and associated maps.

The Division has monitoring responsibilities relative to: the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, and the recovery of fuel expenses and the construction and operation of major facilities by the investor-owned utilities. It also reviews extraordinary costs and policies related to nuclear power, including decommissioning of nuclear power plants and the storage of spent nuclear fuel.

The Division investigates and resolves informal consumer complaints/inquiries relative to regulated utilities and licensed electricity and natural gas suppliers.

Finally, the Division develops annual energy related financial forecasts, and provides the Commission with technical expertise pertaining to regulatory policy, regional transmission organizations, and utility mergers and acquisitions.

Summary of Activities for Calendar Year 2015

Consumer Complaints and Inquiries Received	2,276
Written Public Comments Relative to Commission Cases Received	6,700
Testimony and Reports Filed by Staff	87
Certificates of Convenience and Necessity Granted, Transferred, or Revised	21
Affiliates Applications	3
Meter Tests Witnessed	9
Community Meetings and Presentations	9

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 6,855 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2015

Bank Branches	23
Relocation Bank Main Office	1
Bank Branch Office Relocations	4
Establish a Branch (out-of-the state Bank)	7
Out-of-State Branch Move (Bank)	1
Bank Acquisitions Pursuant to § 6.2-704A	3
Bank Acquisitions Pursuant to § 6.2-704C	3
Bank Merger	1
Out of State Bank Merger	1
Credit Union Mergers	5
Establish an Out-of-State Trust Company	1
Credit Union Service Facilities	6
Credit Union Office Relocations	1
New Consumer Finance	8
Consumer Finance Offices	122
Consumer Finance Other Business	24
Consumer Finance Office Relocations	4
New Mortgage Lenders and/or Brokers	113
Acquisitions of Mortgage Lenders/Brokers	29
Mortgage Additional Offices	588
Exempt Mortgage Company Registrations	2
Mortgage Loan Originator Licensees	5,740
Transitional Mortgage Loan Originator	39
New Motor Vehicle Title Lender	6
Motor Vehicle Title Lender Additional Offices	15
Acquire a Motor Vehicle Title Lender	1
Motor Vehicle Title Lender Office Relocations	6
Motor Vehicle Title Lender Other Business	8
New Money Order Sellers/Money Transmitters	13
Acquisitions of Money Order Sellers/Money Transmitters	7
Credit Counseling Agency Additional Offices	8
Credit Counseling Office Relocations	7
Bona Fide Non-Profit Designations	1
New Credit Counseling Agencies	2
New Check Cashers	52
Payday Office Relocations	1
Payday Lender Other Business	1
Payday Lender Additional Offices	2

At the end of 2015, there were under the supervision of the Bureau 71 banks with 1,118 branches, 59 Virginia bank holding companies, 4 non-Virginia bank holding companies with a subsidiary Virginia bank, 3 subsidiary trust companies, 1 savings institution, 39 credit unions, 3 industrial loan associations, 23 consumer finance companies with 272 Virginia offices, 85 money transmitters, 37 credit counseling agencies, 466 check cashers, 169 mortgage lenders with 544 offices, 373 mortgage brokers with 456 offices, 231 mortgage lender/brokers with 1,511 offices, 15,254 mortgage loan originators, 5 private trust companies, 29 motor vehicle title lenders with 473 offices, and 18 payday lenders with 191 offices.

BUREAU OF INSURANCE REGULATION ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2015

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 and Administration Division licenses and regulates the activities of licensed insurance agents, agencies and public adjusters and collects various special taxes and assessments on insurance companies; and the Policy and Compliance Division monitors state and federal legislation impacting insurance regulation, prepares reports and studies for the Bureau, 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 2015 ACTIVITIES

New insurance companies licensed to do business in Virginia	25
Insurance company financial statements analyzed	1,145
Financial examinations of insurance companies conducted	18
Property and Casualty insurance rules, rates and form submissions	4,870
Life and Health insurance policy forms and rates submissions	2,749
Property and Casualty insurance complaints received	2,125
Life and Health insurance complaints received	2,557
Market conduct examinations completed by the Life and Health Division	3
Market Regulation Continuum Actions completed by the Life and Health Division	28
Market conduct examinations completed by the Property and Casualty Division	4
Market Regulation Continuum Actions completed by the Property and Casualty Division	79
Insurance agents and agencies licensed	218,418
Assessment audits	4,708
Ombudsman Office inquiries received	583
Individuals assisted by Ombudsman Office in appealing MCHIP denials	171

EXTERNAL APPEAL FISCAL YEAR 2015

Number of Cases Reviewed	408
Eligible Appeals	156
Ineligible Appeals	252
Eligibility Pending	0
Final Adverse Decision Upheld By Reviewer	93
Final Adverse Decision Overturned by Reviewer	51
Final Adverse Decision Modified	2
MCHIP Reversed Itself	0
Appeal Decisions Pending	0
Terminated or Withdrawn	0

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please TAKE NOTICE that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.howcorp.com.

The Commission is the Receiver, and Commissioner of Insurance Jacqueline K. Cunningham 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.

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Reciprocal of America (ROA) and The Reciprocal Group (TRG). Date of receivership: January 29, 2003. An Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies was entered on June 20, 2003, and on October 28, 2003, the proposed plan of liquidation was approved by entry of an Order Setting Final Bar Date and Granting the Deputy Receiver Continuing Authority to Liquidate Companies.

The Commission is the Receiver, and the Commissioner of Insurance, Jacqueline K. Cunningham, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to 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.

Southern Title Insurance Corporation (STIC). Date of receivership: December 20, 2011. The State Corporation Commission was named receiver for STIC by the Circuit Court of the City of Richmond.

The Commission is the Receiver, and the Commissioner of Insurance, Jacqueline K. Cunningham, is the Deputy Receiver of STIC. Any inquiries concerning the conduct of the receivership of STIC may be directed to 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 2015 Activities

UNDER THE VIRGINIA SECURITIES ACT:

9	agent of issuer registrations and renewals denied, withdrawn, or terminated
29	securities registrations approved
20	securities registrations denied, withdrawn, or terminated
6	exemption notice filings for federal-covered securities denied, withdrawn, or terminated
3,261	investment company notice filings originals and renewals accepted
309	investment company notice filings originals and renewals denied, withdrawn, or terminated
41	exemptions from registration approved
2	exemptions from registration denied, withdrawn, or terminated
2,516	exemption notice filings for federal-covered securities accepted
2,124	broker-dealer registrations and renewals approved
135	broker-dealer registrations and renewals denied, withdrawn, or terminated
76	broker-dealer audits completed
225,725	broker-dealer agent registrations and renewals approved
32,554	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
14	investment advisor exempt reporting advisors approved
273	investment advisor other amendments approved
24	investment advisor other amendments denied, withdrawn, or terminated
3,524	investment advisor registrations, renewals, and amendments approved
234	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
107	investment advisor audits completed
500	audit violation deficiencies resolved
15,597	investment advisor representative registrations and renewals approved
2,402	investment advisor representative registrations and renewals denied, withdrawn, or terminated
68	agent of issuer registrations and renewals approved
101	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

789	trademarks and/or service marks approved, renewed, or assigned
364	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,900	franchise registrations, renewals, or post-effective amendments approved
365	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
25	investigations completed

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ORDERS, JUDGMENTS AND SETTLEMENTS:

11	orders granting exemptions and/or official interpretations
54	orders for subpoena of records by banks, corporations, and individuals
6	orders of show cause
21	judgments of compromise and settlement
13	final orders and/or judgments
1	temporary injunction

TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

Registration Section

13	investigation general inquiry calls/e-mails
824	calls/e-mails regarding pending investigations
436	enforcement general inquiry calls/e-mails
2,991	calls/e-mails regarding pending enforcements
539	calls/e-mails regarding pending registrations
22,510	registration general inquiry calls/e-mails
513	calls/e-mails regarding pending audits
109	audit general inquiry calls/e-mails
8,995	examination general inquiry calls/e-mails
240	calls/e-mails regarding pending examinations
155	complaints resulting in investigations
58	complaints referred
9	complaints with no authority to investigate
21	complaints with no violation of Securities or Franchise Acts

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR 2015 ACTIVITIES

	<u>12/31/14</u>	<u>12/31/15</u>
Financing/Subsequent Statements Filed	71,460	74,919
Federal Tax Liens/Subsequent Liens Filed	5,080	4,825
Reels of Microfilmed documents sold	414	401

DIVISION OF UTILITY AND RAILROAD SAFETY

The Division of Utility and Railroad Safety assists the Commission in administering three safety programs: Gas and Hazardous Liquid Pipeline Safety, Railroad Safety and Underground Utility Damage Prevention.

The Pipeline Safety Section of the Division helps ensure the safe operation of gas and hazardous liquid pipeline facilities, through inspections of facilities and new constructions, review of safety records and programs, and investigation of incidents. In 2014, the Division's pipeline safety activities involved 12 natural gas companies, with a total of 21,143 miles of pipelines serving 1,242,880 customers, 63 master-metered systems, 14 propane systems and 4 hazardous liquid pipeline companies with a total of 897 miles of pipelines.

Summary of 2015 Activities

Gas Safety Inspection Man-days Conducted	771
Hazardous Liquid Safety Inspection Man-days Conducted	65
Number of Counts of Probable Violations Cited	443
Pipeline Accidents Investigated	67
Pipeline Safety Trainings Conducted	44
Reports filed	5

The Rail Safety Section of the Division helps ensure the safe operation of jurisdictional railroads by conducting inspections of tracks and motive power and equipment and investigations of certain accidents. The Division's inspections involve more than 3,394 miles of track and thousands of cars and locomotives.

Summary of 2015 Activities

Number of Track Units ¹ Inspected	11,256
Number of Locomotive and Car Units ² Inspected	39,099
Number of Operating Practice Units ³ Inspected	1,655
Number of Defects Noted	5,675
Number of Violations Cited	22
Number of Accidents Investigated	38
Number of Complaints Investigated	22

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 2015 Activities

Underground Utility Damage Reports Investigated	1,523
Number of Individuals Having Received Damage Prevention Training	1,720
Number of Damage Prevention Educational Material Disseminated	73,219
Number of Damage Prevention Field Audits Conducted	795

¹ Each mile of track, record, crossing at grade, among other things, is considered a track unit.

² Each locomotive, car, motive power equipment record, among other things, is considered a unit.

³ Each location where operations are or may occur such as switchyards, field offices, yard offices, trains, yard crew locations and dispatching are considered an operating practice unit.

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LIST OF CASES ESTABLISHED IN 2015

BAN/BFI:

BUREAU OF FINANCIAL INSTITUTIONS

BAN20150001 Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 5622 Portsmouth Boulevard, Portsmouth, VA 23701 to 2860 Airline Boulevard, Portsmouth, VA 23701

BAN20150002 Eric D. Suissa, To acquire 25 percent or more of Equity United Mortgage Corporation

BAN20150003 Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 980 J. Clyde Morris Boulevard, Suite 11, Newport News, VA 23601 to 954 J. Clyde Morris Boulevard, Suite 106, Newport News, VA 23601

BAN20150004 Amanecer Latino Inc. d/b/a Amanecer Latino Market - To open a check casher at 5301 Old Midlothian Turnpike, Richmond, VA

BAN20150005 Lendmark Financial Services, LLC - To open a consumer finance office at 115 G Lucy Lane, Suite A, Waynesboro, Augusta County, VA

BAN20150006 Bank of the James - To open a branch at 1391 South High Street, Harrisonburg, VA

BAN20150007 First Sentinel Bank - To open a branch at 1105 North Fourth Street, Wytheville, VA

BAN20150008 QC Financial Services, Inc. d/b/a LendNation - 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

BAN20150009 Mid Atlantic Development Group, LLC d/b/a Croson's Deli + Market - To open a check casher at 43112 John Mosby Highway, Chantilly, VA

BAN20150010 R S Brothers, LLC d/b/a West Point One Stop - To open a check casher at 1503 Main Street, West Point, VA

BAN20150011 Lendmark Financial Services, LLC - To open a consumer finance office at 253 Market Street, Frederick County, VA

BAN20150012 Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted

BAN20150013 Bank of Lancaster - To open a branch at 11450 Robious Road, North Chesterfield, VA

BAN20150014 Park Sterling Bank - To open a branch at 5601 Patterson Avenue, Richmond, VA

BAN20150015 North Avenue Corporation d/b/a North Avenue Market & Deli - To open a check casher at 2301 North Avenue, Richmond, VA

BAN20150016 Miguel A. Cortes d/b/a MD General Store - To open a check casher at 8343 W. Main Street, Marshall, VA

BAN20150017 Branch Banking and Trust Company - To open a branch at 44825 Lakeview Overlook Plaza, Ashburn, VA

BAN20150018 Lendmark Financial Services, LLC - To conduct consumer finance business where auto club memberships will also be sold

BAN20150019 Lendmark Financial Services, LLC - To open a consumer finance office at 7101 Forest Hill Avenue, Suite L, City of Richmond, VA

BAN20150020 Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted

BAN20150021 Farmers & Merchants Bank - To open a branch at 2813 North Augusta Street, Staunton, VA

BAN20150022 B2 FIE IV LLC - To acquire 25 percent or more of First Guaranty Mortgage Corporation

BAN20150023 Fast Cash Title Loans LLC - To establish an additional motor vehicle title lending office at 21615 Cascades Parkway, Sterling, Virginia 20166

BAN20150024 Richmond Fire Department Credit Union, Incorporated - To relocate a credit union office from 1634 Ownby Lane, Richmond, VA to 900 Hermitage Road, Richmond, VA

BAN20150025 Allied Title Lending LLC d/b/a Allied Cash Advance - For authority for an other business operator to conduct an open-end credit business from the licensee's motor vehicle title lending offices

BAN20150026 Lutheran Social Service of Minnesota - To open a credit counseling office

BAN20150027 Allied Title Lending LLC d/b/a Allied Cash Advance - For authority for an other business operator to conduct business as an authorized delegate or agent of a money order seller or money transmitter from the licensee's motor vehicle title lending offices

BAN20150028 Orek Incorporated d/b/a Charlottesville Latino Market - To open a check casher at 380 Greenbrier Drive, Suite D, Charlottesville, VA

BAN20150029 RK Inc. d/b/a Prime Mart - To open a check casher at 4300 Chantilly Shopping Circle, Chantilly, VA

BAN20150030 Food Giant, Inc. - To open a check casher at 509 24th St. NW, Roanoke, VA

BAN20150031 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 2730 Elkam Boulevard, Deltona, FL

BAN20150032 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 1400 Lakeover Road, Suite 120, Jackson, MS

BAN20150033 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 3191 Maguire Boulevard, Suite 100, Orlando, FL

BAN20150034 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 4100 W. Kennedy Boulevard, Suite 130, Tampa, FL

BAN20150035 Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 2112 South Congress Avenue, Suite 200, Palm Springs, FL

BAN20150036 Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To relocate a credit counseling office from 225 Willowbrook Road, Freehold, NJ to 200 U.S. Highway 9, Manalapan, NJ

BAN20150037 Mark David Rozen - To acquire 25 percent or more of Payoneer Inc.

BAN20150038 iPayDebt Financial Services, Inc. d/b/a Cornerstone Financial Education - To relocate a credit counseling office from 3011 North Lamar Boulevard, Austin, TX to 2806 Flintrock Trace #A101, Lakeway, TX

BAN20150039 Finxera, Inc. - For a money order seller/money transmitter license

BAN20150040 Atlantic Discount Corp. - To conduct consumer finance business where auto club memberships will also be sold

BAN20150041 Creditcorp of Virginia, LLC d/b/a Check into Cash - To relocate a motor vehicle title lending office from 148 Council Road, Franklin, VA 23851 to 1200 Armory Drive, Suite A, Franklin, VA 23851

BAN20150042 KL Construction, LLC - To open a check casher at 941 Highams Court, Woodbridge, VA

BAN20150043 OM SHRI HARI INC. d/b/a J & G Food Mart - To open a check casher at 1502 27th Street, Newport News, VA

BAN20150044 Sarah Ruth Stitt - To acquire 25 percent or more of Gateway Mortgage Group, LLC

BAN20150045 EVB d/b/a The Bank of Northumberland since 1910 a branch of EVB (In Certain Offices) - To relocate an office from 6958 Northumberland Highway, Heathsville, VA to 6941 Northumberland Highway, Heathsville, VA

BAN20150046 Eric Tishaw - To acquire 25 percent or more of Hometown Lenders, L.L.C.

BAN20150047 Finance of America Holdings LLC - To acquire 25 percent or more of Urban Financial of America, LLC

BAN20150048 Pine Court Holdings LLC - To acquire 25 percent or more of FBC Mortgage, LLC

BAN20150049 Finance of America Holdings LLC - To acquire 25 percent or more of Finance of America Mortgage LLC

BAN20150050 7 West Mart LLC - To open a check casher at 47024 Harry Byrd Highway, Sterling, VA

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BAN20150051	Reliance Holdings LLC - To acquire 25 percent or more of Reliance First Capital, LLC
BAN20150052	Commercial Finance Services 1107, LLC - To acquire 25 percent or more of SIRVA Mortgage, Inc.
BAN20150053	Conrad Thompson - To acquire 25 percent or more of Hometown Lenders, L.L.C.
BAN20150054	Microsoft Payments, Inc. - For a money order seller/ money transmitter license
BAN20150055	Alipay US, Inc. - For a money order seller/ money transmitter license
BAN20150056	Renato Pedro Caetano Cruz - To acquire 25 percent or more of MC Financial, Inc.
BAN20150057	FAH Enterprises Incorporated d/b/a Wilburns Country Store - To open a check casher at 1902 Cox Road, Blackstone, VA
BAN20150058	Bank of Clarke County - To open a branch at 504 E. Market Street, Leesburg, VA
BAN20150059	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 3877 Holland Road, Suite 404, Virginia Beach, VA 23452
BAN20150060	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To open an payday lender's office at 3877 Holland Road, Suite 404, Virginia Beach, VA
BAN20150061	Bank of the James, To open a branch at 250 Pantops Mountain Road, Albemarle County, VA
BAN20150062	DR Check Cashed Inc. - To open a check casher at 9051 Liberia Avenue, Suite 204, Manassas, VA
BAN20150063	Cash-2-U Financial Services of Virginia LLC - For authority for an other business operator to conduct an open-end credit business from the licensee's motor vehicle title lending offices
BAN20150064	Rodriguez Enterprises, Inc. - To open a check casher at 16593 River Ridge Boulevard, Woodbridge, VA
BAN20150065	BBCN Bank - To open a branch at 13890 Braddock Road, Centreville, VA
BAN20150066	Anthony Giordano III - To acquire 25 percent or more of Nue Resource Funding, L.L.C.
BAN20150067	The 7S Corporation - To open a check casher at 525 N. Royal Avenue, Front Royal, VA
BAN20150068	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 1506 South Main Street, Suite 24, Farmville, Prince Edward County, VA to 907 South Main Street, Suite 9, Farmville, Prince Edward County, VA
BAN20150069	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from General Washington Executive Center, Fredericksburg, VA to 2217 Princess Anne Street, Suite 311-1, Fredericksburg, VA
BAN20150070	Lendmark Financial Services, LLC - To open a consumer finance office at 4725 Virginia Beach Blvd., Suite 160, City of Virginia Beach, VA
BAN20150071	Lendmark Financial Services, LLC - To open a consumer finance office at 1155 N 4th Street, Suite 107, Wytheville, Wythe County, VA
BAN20150072	Lendmark Financial Services, LLC - To open a consumer finance office at 1568 N. Franklin Street, Christiansburg, Montgomery County, VA
BAN20150073	Peter Kizenko - To acquire 25 percent or more of Nue Resource Funding, L.L.C.
BAN20150074	Super Amanecer Inc. d/b/a Super Amanecer Latino Market - To open a check casher at 1417 Emmet Street N., Charlottesville, VA
BAN20150075	Lendmark Financial Services, LLC - To open a consumer finance office at 3124 Lee Highway, Suite 1, City of Bristol, VA
BAN20150076	Lendmark Financial Services, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20150077	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20150078	Luxton Corp. d/b/a Payne's Check Cashing - To open an payday lender's office at 1171 North Main Street, Madison, VA
BAN20150079	Payne's Title Loans, LLC - To establish an additional motor vehicle title lending office at 1171 North Main Street, Madison, VA 22727
BAN20150080	Pioneer Bank - To relocate an office from 1710 Seminole Trail, Suite 4, Albemarle County, VA to 670 Berkmar Circle, 1st Floor, Albemarle County, VA
BAN20150081	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 10350 Portsmouth Road, Prince William County, VA to 8695 Sudley Road, City of Manassas, VA
BAN20150082	Securus J Holdings, Inc. - To acquire 25 percent or more of JPay Inc.
BAN20160083	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - For authority for an other business operator to conduct an automated teller machine business from the licensee's motor vehicle title lending offices
BAN20160084	Buckeye Check Cashing of Virginia, Inc. d/b/a CheckSmart - For an other business operator to conduct an automated teller machine business from the licensee's payday lending offices
BAN20150085	Americana Grocery of VA Fairfax, LLC - To open a check casher at 10897 Main Street, Fairfax, VA
BAN20150086	Towne Bank - To open a branch at 120 South 9th Street, City of Richmond, VA
BAN20150087	Chime Inc. d/b/a Wave - For a money order seller/ money transmitter license
BAN20150088	LoanSmart, LLC - To establish an additional motor vehicle title lending office at 1252 Emmet Street North, Charlottesville, VA 22903
BAN20150089	Blue Eagle Credit Union - To open a credit union service office at 7208-A Williamson Road, Roanoke, VA
BAN20150090	Bank of Lancaster - To open a branch at 10880 General Puller Highway, Hartfield, VA
BAN20150091	WashingtonFirst Bank - To open a branch at 9812 Falls Road, Suite 125, Potomac, MD
BAN20150092	Community Capital Bank of Virginia - To relocate an office from 930 Cambria Street, N.E., Christiansburg, VA to 110 Peppers Ferry Road, Christiansburg, VA
BAN20150093	Matthew A. Pineda - To acquire 25 percent or more of iFreedom Direct Corporation
BAN20150094	Virginia Credit Union, Inc. - To merge into it Sperry Marine Federal Credit Union
BAN20150095	Mike's Warehouse Inc. - To open a check casher at 260 B Cedar Lane, Vienna, VA
BAN20150096	Confident Financial Solutions, Inc. - To open a consumer finance office at 7400 Beaufont Springs Drive, Suite 300, Chesterfield County, VA
BAN20150097	MG Service LLC - To open a check casher at 209 East Holly Avenue, Sterling, VA
BAN20150098	Middleburg Trust Company - To relocate its main office from 821 East Main Street, City of Richmond, VA to 1600 Forest Avenue, Henrico County, VA
BAN20150099	WashingtonFirst Bank - To open a branch at 115 N. Washington Street, City of Alexandria, VA
BAN20150100	OneMain Financial Group, LLC - To open a consumer finance office at 2013 Walmart Way, Suite 2033 & Suite 2037, Midlothian, Chesterfield County, VA
BAN20150101	OneMain Financial Group, LLC - To open a consumer finance office at Spring Knoll Plaza, 20 Plantation Dr., Suite 134, Stafford County, VA
BAN20150102	OneMain Financial Group, LLC - To open a consumer finance office at 1100-142 Armory Drive, City of Franklin, VA
BAN20150103	OneMain Financial Group, LLC - To open a consumer finance office at 1506 S. Main Street, Suite 10, Farmville, Prince Edward County, VA
BAN20150104	OneMain Financial Group, LLC - To open a consumer finance office at 1155 Piney Forest Road, Suite E, City of Danville, VA
BAN20150105	OneMain Financial Group, LLC - To open a consumer finance office at 329-B Southgate Shopping Center, Culpeper, Culpeper County, VA
BAN20150106	OneMain Financial Group, LLC - To open a consumer finance office at 798 Southpark Boulevard, City of Colonial Heights, VA
BAN20150107	OneMain Financial Group, LLC - To open a consumer finance office at Foothills Plaza, 1580 N. Franklin Street, Suite 2, Christiansburg, Montgomery County, VA

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BAN20150108	OneMain Financial Group, LLC - To open a consumer finance office at 12513 Jefferson Davis Highway, Chester, Chesterfield County, VA
BAN20150109	OneMain Financial Group, LLC - To open a consumer finance office at Liberty Fair Convenience Center, 247 Commonwealth Boulevard West, Suite 6, City of Martinsville, VA
BAN20150110	OneMain Financial Group, LLC - To open a consumer finance office at Manaport Plaza, 8367 Sudley Road, Prince William County, VA
BAN20150111	OneMain Financial Group, LLC - To open a consumer finance office at 3700 Candler's Mountain Road, Suite 540, City of Lynchburg, VA
BAN20150112	OneMain Financial Group, LLC - To open a consumer finance office at Bellewood Commons Shopping Center, 531-C East Market Street, Leesburg, Loudoun County, VA
BAN20150113	OneMain Financial Group, LLC - To open a consumer finance office at Skyline Village, 2035-75 East Market Street, City of Harrisonburg, VA
BAN20150114	OneMain Financial Group, LLC - To open a consumer finance office at Coliseum Corner, 2189 Cunningham Drive, City of Hampton, VA
BAN20150115	OneMain Financial Group, LLC - To open a consumer finance office at 969 East Stuart Drive, City of Galax, VA
BAN20150116	OneMain Financial Group, LLC - To open a consumer finance office at Spartan Square, 1465 W. Main Street, City of Salem, VA
BAN20150117	OneMain Financial Group, LLC - To open a consumer finance office at Northpark, 6701 Peters Creek Road, Suite 107, Roanoke County, VA
BAN20150118	OneMain Financial Group, LLC - To open a consumer finance office at 1324 Front Street, Richlands, Tazewell County, VA
BAN20150119	OneMain Financial Group, LLC - To open a consumer finance office at Memorial Square, 1060 Memorial Drive, Unit 16, Pulaski, Pulaski County, VA
BAN20150120	OneMain Financial Group, LLC - To open a consumer finance office at South Crater Shopping Center, 3330 South Crater Road, Suite 9A, City of Petersburg, VA
BAN20150121	OneMain Financial Group, LLC - To open a consumer finance office at The Shops at Janaf5802 E Virginia Beach Boulevard, Suite 150, City of Norfolk, VA
BAN20150122	OneMain Financial Group, LLC - To open a consumer finance office at 12785 Jefferson Avenue, City of Newport News, VA
BAN20150123	OneMain Financial Group, LLC - To open a consumer finance office at Wytheville Commons, 244 Commonwealth Drive, Wytheville, Wythe County, VA
BAN20150124	OneMain Financial Group, LLC - To open a consumer finance office at 13265 Worth Avenue, Woodbridge, Prince William County, VA
BAN20150125	OneMain Financial Group, LLC - To open a consumer finance office at 381 Gateway Drive, Suite 2, Frederick County, VA
BAN20150126	OneMain Financial Group, LLC - To open a consumer finance office at Williamsburg Market Center, 6610-L Mooretown Road, York County, VA
BAN20150127	OneMain Financial Group, LLC - To open a consumer finance office at Providence Square Shopping Center, 967 Providence Square, Suite 16, City of Virginia Beach, VA
BAN20150128	OneMain Financial Group, LLC - To open a consumer finance office at 4000 Virginia Beach Boulevard, Suite 132, City of Virginia Beach, VA
BAN20150129	OneMain Financial Group, LLC - To open a consumer finance office at 1632 B Tappahannock Boulevard, Tappahannock, Essex County, VA
BAN20150130	OneMain Financial Group, LLC - To open a consumer finance office at 1447-49 North Main Street, City of Suffolk, VA
BAN20150131	OneMain Financial Group, LLC - To open a consumer finance office at 850 Statler Square, Suite 108, City of Staunton, VA
BAN20150132	OneMain Financial Group, LLC - To open a consumer finance office at Springfield Plaza Shopping Center, 7219 Commerce Street, Springfield, Fairfax County, VA
BAN20150133	OneMain Financial Group, LLC - To open a consumer finance office at Shops at Riverforest, 11940 Iron Bridge Plaza, Chester, Chesterfield County, VA
BAN20150134	OneMain Financial Group, LLC - To open a consumer finance office at Taylor Road Plaza, 3325 Taylor Rd., Ste. 114, City of Chesapeake, VA
BAN20150135	OneMain Financial Group, LLC - To open a consumer finance office at 1200 North Battlefield Boulevard, Suite 122, City of Chesapeake, VA
BAN20150136	OneMain Financial Group, LLC - To open a consumer finance office at 1807 Seminole Trail, Suite 101, Albemarle County, VA
BAN20150137	OneMain Financial Group, LLC - To open a consumer finance office at Centreville Square II, 6011 Centreville Crest Lane, Suite 51, Centreville, Fairfax County, VA
BAN20150138	OneMain Financial Group, LLC - To open a consumer finance office at Turn One Center, 2600 Dearing Ford Road, Suite B, Altavista, Campbell County, VA
BAN20150139	OneMain Financial Group, LLC - To open a consumer finance office at 6328 Richmond Highway, Suite J, Fairfax County, VA
BAN20150140	OneMain Financial Group, LLC - To open a consumer finance office at 203 West Main Street, Abingdon, Washington County, VA
BAN20150141	OneMain Financial Group, LLC - To open a consumer finance office at 2710 Enterprise Parkway, Henrico County, VA
BAN20150142	OneMain Financial Group, LLC - To open a consumer finance office at 707 East Atlantic Street, South Hill, Mecklenburg County, VA
BAN20150143	OneMain Financial Group, LLC - To open a consumer finance office at Halifax Square Shopping Center, 3130 Halifax Road, Suite A, South Boston, Halifax County, VA
BAN20150144	OneMain Financial Group, LLC - To open a consumer finance office at 411-E South Street, Front Royal, Warren County, VA
BAN20150145	OneMain Financial Group, LLC - To open a consumer finance office at 4500 Plank Road, Suite 1010, Spotsylvania County, VA
BAN20150146	OneMain Financial Group, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20150147	OneMain Financial Group, LLC - To conduct consumer finance business where home security plans will also be sold
BAN20150148	BNC Bancorp - To acquire Valley Financial Corporation
BAN20150149	Virginia Auto Loans, Inc. - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20150150	Virginia Auto Loans, Inc. - To open a consumer finance office at 13703 Warwick Boulevard, City of Newport News, VA
BAN20150151	Virginia Auto Loans, Inc. - To open a consumer finance office at 14496 Jefferson Davis Highway, Woodbridge, Prince William County, VA
BAN20150152	Virginia Auto Loans, Inc. - To open a consumer finance office at 8368 Richmond Highway, Fairfax County, VA
BAN20150153	Cash-2-U Financial Services of Virginia LLC - To open a check casher at 3131 Mechanicsville Pike, Richmond, VA
BAN20150154	Cash-2-U Financial Services of Virginia LLC - For authority for an other business operator to conduct a check cashing business from the licensee's motor vehicle title lending offices
BAN20150155	Springleaf Financial Services of America, Inc. - To relocate consumer finance office from 850 Statler Square, Suite 113, City of Staunton, VA to 729 Richmond Avenue, Suite 103, City of Staunton, VA
BAN20150156	Amanecer Latino IV, Inc. - To open a check casher at 9301 Quiocassin Road, Henrico, VA
BAN20150157	Arihant Fuel LLC d/b/a Corner Mart Sunoco - To open a check casher at 2411 West Hundred Road, Chester, VA
BAN20150158	HotIn Market Inc. d/b/a HotIn Market - To open a check casher at 206 E. Nine Mile Road, Highland Springs, VA
BAN20150159	Adyen, Inc. - For a money order seller/ money transmitter license
BAN20150160	CreditGuard of America, Inc. - To relocate a credit counseling office from 5300 Broken Sound Boulevard N.W., Boca Raton, FL to 791 Park of Commerce Boulevard, Suite 500, Boca Raton, FL
BAN20150161	Independence Holdings, LLC - To acquire 25 percent or more of OneMain Financial Group, LLC

BAN20150162	WS Parent, LLC - To acquire 25 percent or more of J.G. Wentworth Home Lending, Inc.
BAN20150163	Omar Masud Abassi - To acquire 25 percent or more of Breeze Funding Inc.
BAN20150164	Bank of Hampton Roads, The - To merge into it Shore Bank
BAN20150165	Bank of Marion, The - To relocate an office from 2975 Lee Highway, City of Bristol, VA to 3581 Lee Highway, City of Bristol, VA
BAN20150166	Stripe Payments Company - For a money order seller/ money transmitter license
BAN20150167	Tilia Inc. - For a money order seller/ money transmitter license
BAN20150168	Armando Flores d/b/a Maya's Latin Store - To open a check casher at 7930 Chesapeake Boulevard, Suite C, Norfolk, VA
BAN20150169	Middleburg Bank - To open a branch at 1600 Forest Avenue, Henrico County, VA
BAN20150170	Pineda's Money Mart Inc. - To open a check casher at 4118 Mount Vernon, Alexandria, VA
BAN20150171	Simarm Inc. d/b/a High Up Food Mart - To open a check casher at 428 Sterling Park Shopping Mall, Sterling, VA
BAN20150172	Catalina Acquisitions, LLC - To acquire 25 percent or more of MEMO Financial Services America, Inc.
BAN20150173	Westview Financial Services VA, LLC d/b/a Westview Financial Services - To open a consumer finance office at 209 Village Avenue, Suite A, Yorktown, York County, VA
BAN20150174	Beacon Credit Union, Incorporated - To merge into it Centra Health Credit Union Lynchburg, VA
BAN20150175	SHM Holdings LP - To acquire 25 percent or more of Sagamore Home Mortgage, LLC
BAN20150176	Novedades K & J, Inc. - To open a check casher at 794 C Center Street, Herndon, VA
BAN20150177	CIC Financial Services of Virginia, LLC - To conduct consumer finance business where a check cashing business will also be conducted
BAN20150178	CIC Financial Services of Virginia, LLC - To conduct consumer finance business where a money transmitter business will also be conducted
BAN20150179	CIC Financial Services of Virginia, LLC - To conduct consumer finance business where a motor vehicle title lending business will also be conducted
BAN20150180	CIC Financial Services of Virginia, LLC - To conduct consumer finance business where an open-end credit business will also be conducted
BAN20150181	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2121-2123 Wards Road, City of Lynchburg, VA
BAN20150182	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 3059 Mechanicsville Turnpike, Henrico County, VA
BAN20150183	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 216 Collins Drive, City of Danville, VA
BAN20150184	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1912 Boulevard, Suite C, City of Colonial Heights, VA
BAN20150185	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 3600 Crater Road, Suite B, City of Petersburg, VA
BAN20150186	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 5394 Kemps River Drive, Suite 109, City of Virginia Beach, VA
BAN20150187	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 113-B Lew Dewitt Boulevard, City of Waynesboro, VA
BAN20150188	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2346 Virginia Beach Boulevard, Suite 7C, City of Virginia Beach, VA
BAN20150189	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1031 Independence Boulevard, City of Virginia Beach, VA
BAN20150190	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2860 Airline Boulevard, City of Portsmouth, VA
BAN20150191	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1200 North Battlefield Boulevard, Suite 103-104, City of Chesapeake, VA
BAN20150192	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 954 J. Clyde Morris Boulevard, Suite 106, City of Newport News, VA
BAN20150193	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 949 East Stuart Drive, Suite A-1, City of Galax, VA
BAN20150194	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 202-B Marshall Drive, Christiansburg, Montgomery County, VA
BAN20150195	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 237 Burgess Road, City of Harrisonburg, VA
BAN20150196	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2103-2105 Loudoun Street, City of Winchester, VA
BAN20150197	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2225 Plank Road, City of Fredericksburg, VA
BAN20150198	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 16697 River Ridge Boulevard, Woodbridge, Prince William County, VA
BAN20150199	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 239 South Street, Suite B, Front Royal, Warren County, VA
BAN20150200	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 700 North Military Highway, City of Norfolk, VA
BAN20150201	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2627 Front Street, Richlands, Tazewell County, VA
BAN20150202	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 4750 Valley View Boulevard, NW, Suite 50, City of Roanoke, VA
BAN20150203	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 538 East Nelson Street, City of Lexington, VA
BAN20150204	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services, To open a consumer finance office at 455 Merrimac Trail, Suite G, York County, VA

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BAN20150205	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2544 Bainbridge Boulevard, Suite 1-A, City of Chesapeake, VA
BAN20150206	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 4239 Holland Road, Suite 740, City of Virginia Beach, VA
BAN20150207	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 4013 W. Mercury Boulevard, City of Hampton, VA
BAN20150208	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 8284 Shoppers Square, Prince William County, VA
BAN20150209	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 5053 Jefferson Davis Highway, Spotsylvania County, VA
BAN20150210	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 7601 West Broad Street, Henrico County, VA
BAN20150211	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 4738 Finlay Street, Henrico County, VA
BAN20150212	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 400 Old Franklin Turnpike, Suite 106, Rocky Mount, Franklin County, VA
BAN20150213	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1008 Portsmouth Boulevard, Suite B, City of Suffolk, VA
BAN20150214	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 2366 George Washington Memorial Highway, Hayes, Gloucester County, VA
BAN20150215	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 642 Highway 58 East, City of Norton, VA
BAN20150216	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1200 Armory Drive, Suite A, City of Franklin, VA
BAN20150217	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1181 North Main Street, Marion, Smyth County, VA
BAN20150218	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 3601 Old Halifax Road, Suite 600, South Boston, Halifax County, VA
BAN20150219	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 13420 Benns Church Boulevard, Smithfield, Isle of Wight County, VA
BAN20150220	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 662 Brandon Avenue SW, Unit L-9, City of Roanoke, VA
BAN20150221	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 1036 Memorial Square Drive, Pulaski, Pulaski County, VA
BAN20150222	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 980 Leatherwood Lane, Bluefield, Tazewell County, VA
BAN20150223	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 4844 South Amherst Highway, Madison Heights, Amherst County, VA
BAN20150224	CIC Financial Services of Virginia, LLC d/b/a CIC Financial Services - To open a consumer finance office at 201 Keith Street, Suite 80, Cleveland, TN
BAN20150225	Uma Pandey Aryal d/b/a Evergreen Store - To open a check casher at 24075 Gum Spring Road, Sterling, VA
BAN20150226	DuPont Community Credit Union - To open a credit union service office at 1820 South High Street, Harrisonburg, VA
BAN20150227	Danny's Auto Loans, LLC - To relocate a motor vehicle title lending office from 154 A Kinter Way, Pearisburg, VA 24135 to 314 North Main Street, Pearisburg, VA 24134
BAN20150228	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union - To open a credit union service office at 3452 Buck Mountain Road, Roanoke, VA
BAN20150229	SEQR Payments, Inc. - For a money order seller/ money transmitter license
BAN20150230	First National Bank of Peterstown, The - To open a branch at 110 Old Virginia Avenue, Narrows, VA
BAN20150231	FVCBankcorp, Inc. - To acquire First Virginia Community Bank
BAN20150232	La Luz Cashier Checks, Inc. - To open a check casher at 2603 Turner Road, N. Chesterfield, VA
BAN20150233	Anderson Financial Services, LLC LoanMax (Used in Virginia by: Anderson Financial Services, LLC) d/b/a LoanMax - To establish an additional motor vehicle title lending office at 1252 Emmet Street North, Charlottesville, VA 22903
BAN20150234	Money Management International, Inc. d/b/a Consumer Credit Counseling Service of Greater Washington (In certain offices) - To relocate a credit counseling office from 801 North Pitt Street, Suite 117, Alexandria, VA to 5680 King Centre Drive, Suite 600 Office # 614, Alexandria, VA
BAN20150235	NORTH STATE ACCEPTANCE, L.L.C. - To open a consumer finance office at 10437 Midlothian Turnpike, Chesterfield County, VA
BAN20150236	NORTH STATE ACCEPTANCE, L.L.C. - To open a consumer finance office at 291 Independence Blvd., #336, City of Virginia Beach, VA
BAN20150237	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 13619 Lee Jackson Memorial Highway, Chantilly, VA 20151
BAN20150238	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 7429 Lee Highway, Fairlawn, VA 24141
BAN20150239	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 13900 Lee Highway, Centreville, VA 20120
BAN20150240	TitleMax of Virginia, Inc. d/b/a TitleMax - To establish an additional motor vehicle title lending office at 3314 Jefferson Davis Highway, Alexandria, VA 22305
BAN20150241	TitleMax of Virginia, Inc., - To establish an additional motor vehicle title lending office at 3045 Columbia Pike, Arlington, VA 22204
BAN20150242	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 305 Garrisonville Road, Stafford, VA 22554
BAN20150243	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 1041 Berryville Avenue, Winchester, VA 22601
BAN20150244	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 5265 Lee Highway, Arlington, VA 22207
BAN20150245	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions, To open an additional credit counseling office at 1200 G Street NW, Suite 800, Washington, DC
BAN20150246	Tipalti, Inc. - For a money order seller/ money transmitter license

BAN20150247	King Check Cashing, Inc. - To open a check casher at 2811 Campbell Avenue, Lynchburg, VA
BAN20150248	AMT Mortgage Holdings, LLC - To acquire 25 percent or more of Odyssey Funding LLC
BAN20150249	Branch Banking and Trust Company - To open a branch at 2670M Avenir Place, Vienna, VA
BAN20150250	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 4384 North Illinois Street, Swansea, IL
BAN20150251	Standard Pacific Mortgage, Inc. - To acquire 25 percent or more of RMC Mortgage Corporation
BAN20150252	MVB Bank, Inc. - To open a branch at 1801 Old Reston Avenue, Suite 103, Reston, VA
BAN20150253	PayPal, Inc. - To acquire control of Xoom Corporation
BAN20150254	Gene B. Dixon, Jr., <i>et al.</i> - To acquire control of BCC Bankshares, Inc.
BAN20150255	Express Travel & Check Cashing LLC - To open a check casher at 2911 Turner Road, Suite B5, Richmond, VA
BAN20150256	Paramount Capital Group, Inc. - To open a consumer finance office
BAN20150257	Meldi Maa Corporation d/b/a Q Mart - To open a check casher at 4300 Nine Mile Road, Richmond, VA
BAN20150258	University of Virginia Community Credit Union, Inc. - To merge into it Northern Piedmont Federal Credit Union
BAN20150259	Better Mortgage, Inc. - To acquire 25 percent or more of Avex Funding Corporation
BAN20150260	Ricky's 7 to 11, Inc. - To open a check casher at 719 Piney Pond Road, Brodnax, VA
BAN20150261	Nobel Financial Inc. - For a money order seller/ money transmitter license
BAN20150262	Creditcorp of Virginia, LLC - For authority for an other business operator to conduct a consumer finance business from the licensee's motor vehicle title lending offices
BAN20150263	TitleMax of Virginia, Inc. - To establish an additional motor vehicle title lending office at 6410 Richmond Highway, Alexandria, VA 22306
BAN20150264	Bank of North Carolina - To merge into it Valley Bank
BAN20150265	Optimal Payments Services Inc. - To acquire 25 percent or more of Skrill USA, Inc.
BAN20150266	CCB Bankshares, Inc. - To acquire Citizens Community Bank South Hill, VA
BAN20150267	Suneet Singal - To acquire 25 percent or more of Castle Mortgage Corporation
BAN20150268	TIO Networks USA, Inc. - To acquire 25 percent or more of Softgate Systems, Inc.
BAN20150269	5 de Mayo Grocery Store, LLC d/b/a 5 De Mayo Grocery Store - To open a check casher at 154 Madison Road, Orange, VA
BAN20150270	Infinity Cash Express, LLC - To open a check casher at 9403 Grant Avenue, Suite 205, Manassas, VA
BAN20150271	The Trading Post, LLC - To open a check casher at 3017 Monacan Trail Road, North Garden, VA
BAN20150272	Advance America, Cash Advance Centers of Virginia, Inc. d/b/a Advance America, Cash Advance Centers - To establish an additional motor vehicle title lending office at 4152 Dale Boulevard, Dale City, VA 22193
BAN20150273	Regional Finance Company of Virginia - To conduct consumer finance business where various credit insurance and ancillary products will also be sold
BAN20150274	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 3260 Electric Road, Suite 501, Roanoke County, VA
BAN20150275	Citizens Bank National Association - To open a branch at 10561 Telegraph Road, Glen Allen, VA
BAN20150276	TuitionCoin LLC - To conduct consumer finance business where a registered investment advisor business will also be conducted
BAN20150277	TuitionCoin LLC - To open a consumer finance office at 964 Rhonda Place, Leesburg, Loudoun County, VA
BAN20150278	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union, To open a credit union service office at 212 Holt Garrison Parkway - Danville, VA
BAN20150279	Protos Acquisition LLC - To acquire 25 percent or more of Premia Mortgage, LLC
BAN20150280	Protos Acquisition LLC - To acquire 25 percent or more of Stearns Lending, LLC
BAN20150281	Benchmark Community Bank - To open a branch at 1775 Graham Avenue, Suite 204, Henderson, NC
BAN20150282	Virginia Partners Bank - To open a branch at 4210 Plank Road, Spotsylvania County, VA
BAN20150283	Nicholas Russell Birch - To acquire 25 percent or more of Credence Funding Corporation
BAN20150284	Farmers & Merchants Bank - To open a branch at 125 West Craig Street, Craigsville, VA
BAN20150285	Farmers & Merchants Bank - To open a branch at near the intersection of US Route 250 and Lifecore Drive, Fishersville, VA
BAN20150286	BBB Supermarket, Inc. - To open a check casher at 1061-A S High Street, Harrisonburg, VA
BAN20150287	Softbank Group Corp - To acquire 25 percent or more of SoFi Lending Corp.
BAN20150288	DuPont Community Credit Union - To open a credit union service office at 1130 North Lee Highway, Lexington, VA
BAN20150289	Mariner Finance of Virginia, LLC - To relocate consumer finance office from 1979 Daniel Stuart Square, Woodbridge, Prince William County, VA to 2024 Daniel Stuart Square, Suite 31, Woodbridge, Prince William County, VA
BAN20150290	Tagomago Inc. d/b/a Glenside Mobil - To open a check casher at 5401 Glenside Drive, Henrico, VA
BAN20150291	Frontier Community Bank - To open a branch at 1013 Richmond Avenue, City of Staunton, VA
BAN20150292	Citizens Community Bank - To open a branch at 202 North Main Street, Louisburg, NC
BAN20150293	Radhey Investments, LLC Kings Market & Checks Cashed - To open a check casher at 1320 Port Republic Road, Harrisonburg,
BAN20150294	Anderson Financial Services, LLC LoanMax (Used in Virginia by: Anderson Financial Services, LLC) d/b/a LoanMax - To establish an additional motor vehicle title lending office at 253 Garrisonville Road, Suite B, Stafford, VA 22554
BAN20150295	Frederick J Assini - To acquire 25 percent or more of Hartford Funding LTD
BAN20150296	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To open an additional credit counseling office at 100 Church Street, 8th Floor, New York, NY
BAN20150297	TI Cash, Inc. - To open a check casher at 2802 Graham Road, Falls Church, VA
BAN20150298	TitleMax of Virginia, Inc. - To relocate a motor vehicle title lending office from 7409 Little River Turnpike, Annandale, VA 22003 to 7321 Little River Turnpike, Annandale, VA 22203
BAN20150299	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 3920 Wards Road, Suite E, City of Lynchburg, VA
BAN20150300	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 165 Holt Garrison Parkway, Unit 560B, City of Danville, VA
BAN20150301	Westview Financial Services VA, LLC - To conduct consumer finance business where auto club memberships will also be sold
BAN20150302	Anabaptist Financial - To be designated as a bona fide nonprofit organization
BAN20150303	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 4511 John Tyler Highway, Suite A, James City County, VA

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BAN20150304	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where credit life insurance will also be sold
BAN20150305	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where credit disability insurance will also be sold
BAN20150306	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where credit involuntary unemployment insurance will also be sold
BAN20150307	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where auto club memberships will also be sold
BAN20150308	Park Sterling Corporation - To acquire First Capital Bancorp, Inc.
BAN20150309	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where non-filing insurance business will also be conducted
BAN20150310	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where property insurance business will also be conducted
BAN20150311	Jewelry and Coin Exchange, Inc. - To open a check casher at 535 S. Washington Highway, Ashland, VA
BAN20150312	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 614 Albemarle Square, Albemarle County, VA
BAN20150313	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 5694 Brook Road, Henrico County, VA
BAN20150314	Agencia Hispana LLC - To open a check casher at 1507 Richmond Road, Suite B, Williamsburg, VA
BAN20150315	Malikah Inc. - To open a check casher at 2205 S. Crater Road, Petersburg, VA
BAN20150316	Brown Investment Advisory & Trust Company - To open a new independent trust company branch at 1123 Guilford Ct., Fairfax County, VA
BAN20150317	MJH Solutions, LLC - For a license to engage in business as a motor vehicle title lender
BAN20150318	Southern BancShares (N.C.), Inc. - To acquire Heritage Bankshares, Inc.
BAN20150319	Vision Centro Hispano VIC LLC d/b/a Centro Hispano De Manassas - To open a check casher at 8813 Commerce Ct, Manassas, VA
BAN20150320	Rodrigo B. Arias - To open a check casher at 404 S. Washington Street, Falls Church, VA
BAN20150321	Xenith Bank - To open a branch at 2325 Dulles Corner Boulevard, Suite 550, Herndon, VA
BAN20150322	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 65 Conston Avenue, Christiansburg, Montgomery County, VA
BAN20150323	H Group Solutions, Inc. - To open a check casher at 6715 Backlick Road, Suite C, Springfield, VA
BAN20150324	La Casita Latino Market Inc. - To open a check casher at 17210 Jefferson Davis Highway, South Chesterfield, VA
BAN20150325	HSI USA Inc. - For a money order seller/ money transmitter license
BAN20150326	SFM One Inc. d/b/a Star Food Mart (Zero's Sub) - To open a check casher at 2009 N. Armistead Avenue, Hampton, VA
BAN20150327	First Capital Bank - To open a branch at 6296 Mechanicsville Turnpike, Mechanicsville, VA
BAN20150328	Lendmark Financial Services, LLC - To open a consumer finance office at 5211 S. Laburnum Avenue, Henrico County, VA
BAN20150329	Lendmark Financial Services, LLC - To open a consumer finance office at 3323 S. Crater Road, Suite A, City of Petersburg, VA
BAN20150330	Lendmark Financial Services, LLC - To open a consumer finance office at 3109 Golanksy Boulevard, Woodridge, Prince William County, VA
BAN20150331	Lendmark Financial Services, LLC - To open a consumer finance office at 534 E. Market Street, Leesburg, Loudoun County, VA
BAN20150332	Lendmark Financial Services, LLC - To open a consumer finance office at 1830 Tappahannock Boulevard, Tappahannock, Essex County, VA
BAN20150333	Lendmark Financial Services, LLC - To open a consumer finance office at 2815 Godwin Boulevard, Suite K, City of Suffolk, VA
BAN20150334	Lendmark Financial Services, LLC - To open a consumer finance office at 544 E Stuart Drive, Suite B, City of Galax, VA
BAN20150335	Lendmark Financial Services, LLC - To open a consumer finance office at 729 Richmond Avenue, Suite 103, City of Staunton, VA
BAN20150336	Lendmark Financial Services, LLC - To open a consumer finance office at 290 Remount Road, Front Royal, Warren County, VA
BAN20150337	Lendmark Financial Services, LLC - To open a consumer finance office at 1167 E. Atlantic Street, South Hill, Mecklenburg County, VA
BAN20150338	Lendmark Financial Services, LLC - To open a consumer finance office at 907 S. Main Street, Suite 9, Farmville, Prince Edward County, VA
BAN20150339	ACAC, Inc. d/b/a Approved Cash - To relocate a payday lender's office from 546 E. Stuart Drive, Galax, VA to 544 E. Stuart Drive, Suite C, Galax, VA
BAN20150340	Lendmark Financial Services, LLC - To open a consumer finance office at 625 Piney Forest Road, Suite 201, City of Danville, VA
BAN20150341	ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 546 East Stuart Drive, Galax, VA 24333 to 544 East Stuart Drive, Suite C, Galax, VA 24333
BAN20150342	Lendmark Financial Services, LLC - To open a consumer finance office at 3404 Virginia Avenue, Collinsville, Henry County, VA
BAN20150343	Lendmark Financial Services, LLC - To open a consumer finance office at 438 Peppers Ferry Road NW, Christiansburg, Montgomery County, VA
BAN20150344	Lendmark Financial Services, LLC - To open a consumer finance office at 105 Clarion Road, Suite K, Altavista, Campbell County, VA
BAN20150345	M Nasa Inc. - To open a check casher at 7253 Maple Plaza, Annandale, VA
BAN20150346	Benjamin Bangs - To acquire 25 percent or more of Consumer Real Estate Finance Co.
BAN20150347	Mitch McFadden - To acquire 25 percent or more of Consumer Real Estate Finance Co.
BAN20150348	Bank of Charles Town - To relocate an office from 2 West Washington Street, Middleburg, VA to 115 The Plains Road, Suite 100, Middleburg, VA
BAN20150349	Patricia Lyn Arvielo - To acquire 25 percent or more of Broker Solutions, Inc.
BAN20150350	Hispanic Multiservice LLC - To open a check casher at 7849 J Richmond Hwy, Alexandria, VA
BAN20150351	Trush Inc. - To open a check casher at 3328 W. Mercury Blvd., Hampton, VA
BAN20150352	Regional Finance Company of Virginia, LLC d/b/a Regional Finance, To open a consumer finance office at 340 Town Center Drive, Abingdon, Washington County, VA
BAN20150353	Consumer Credit Counseling Service of Greater Atlanta, Inc. d/b/a ClearPoint Credit Counseling Solutions - To relocate a credit counseling office from 2 Computer Drive West, Albany, NY to 6 Automation Lane, Suite 113, Albany, NY
BAN20150354	WP/GA Dubai IV B.V. - To acquire 25 percent or more of TimesofMoney Private Limited
BAN20150355	Express Service LLC - To open a check casher at 6751 Wilson Boulevard, Falls Church, VA
BAN20150356	Pangea USA, LLC - For a money order seller/ money transmitter license
BAN20150357	Essex Bank - To open a branch at 10509 Judicial Drive, City of Fairfax, VA
BAN20150358	Cash Central of Virginia, LLC - To conduct consumer finance business where an open-end credit business will also be conducted

BAN20150359	Cash Central of Virginia LLC - To open a consumer finance office at 696 J. Clyde Morris Boulevard, City of Newport News, VA
BFI-2014-00040	In re: annual assessment of licensees under Chapter 22 of Title 6.2 of the Code of Virginia
BFI-2014-00041	In re: annual assessment of licensees under Chapter 18 of Title 6.2 of the Code of Virginia
BFI-2014-00055	Sentrix Financial Services, Inc. - Alleged violation of VA Code Section 6.2-1619
BFI-2014-00058	Alcova Mortgage LLC - Alleged violation of VA Code § 6.2-1624 <i>et al.</i>
BFI-2014-00059	B&B Pawnbrokers, Inc. - Alleged violation of VA Code § 6.2-2201
BFI-2014-00061	Gustavo Rios - Alleged violation of VA Code § 6.2-1608
BFI-2015-00002	Crystal Funding, LLC - Alleged violation of VA Code Section 6.2-1604
BFI-2015-00006	Matthew Kent Rogers - Alleged violation of VA Code § 6.2-170 1 A
BFI-2015-00007	Trustworthy Mortgage Corporation - Alleged violation of VA Code § 6.2-406 <i>et al.</i>
BFI-2015-00008	Dean Lob - Alleged violation of VA Code § 6.2-1608
BFI-2015-00009	Atlantic Mortgage Direct LLC - Alleged violations of Chapter 16 of the Code of Virginia
BFI-2015-00010	Anchor Mortgage LLC & Paul A. Stroble - Alleged violation of VA Code § 6.2-1619 and 6.2-1620
BFI-2015-00011	In Re: Assessing Annual Fees Pursuant to § 6.2-1310 of the Code of Virginia and 10 VAC 5-40-20 of the State Corporation Commission's rules governing credit unions, 10 VAC 5-40-5 <i>et seq.</i>
BFI-2015-00012	Action Mortgage LLC - Alleged violation of VA Code § 6.2-1604
BFI-2015-00014	New Day Financial, LLC d/b/a NewDay USA - Alleged violation of 10 VAC 5-160-50 C and 10 VAC 5-160-20 (11)
BFI-2015-00016	Ex Parte: In re: annual assessment of licensees under Chapter 16 of Title 6.2 of the Code of Virginia pursuant to § 6.2-1612 of the Code of Virginia and 10 VAC 5-160-40 of the State Corporation Commission's rules governing mortgage lenders and brokers
BFI-2015-00017	Ex Parte: In re: annual assessment of licensees under Chapter 15 of Title 6.2 of the Code of Virginia pursuant to § 6.2-1532 of the Code of Virginia and 10 VAC 5-60-60 of the State Corporation Commission's rules governing consumer finance companies
BFI-2015-00018	Swanson Services Corporation - Alleged violation of VA Code § 6.2-1901
BFI-2015-00026	In Re: Credit Counseling assessment Pursuant to § 6.2-2012 of the Code of Virginia and 10 VAC 5-110-30 of the State Corporation Commission's rules governing credit counseling agencies
BFI-2015-00027	Annual assessment of financial institutions under Chapters 8 and 11 of Title 6.2
BFI-2015-00028	Annual assessment of industrial loan associations under Chapters 14 of Title 6.2
BFI-2015-00029	TPI Mortgage, Inc. - Alleged violation of VA Code § 6.2-1604
BFI-2015-00031	786 Mortgage LLC - Alleged violation of VA Code Sec. 6.2-1604
BFI-2015-00034	Capitol USA Financial LLC - Alleged violation of VA Code § 6.2-1604
BFI-2015-00038	In re: annual assessment of licensees under Chapter 19 of Title 6.2 of the Code of Virginia
BFI-2015-00039	In re: Amendments to credit counseling regulations
BFI-2015-00040	2016 Annual assessment pursuant to § 6.2-1814 of the Code of Virginia and 10 VAC 5-200-90 of the State Corporation Commission's rules governing Payday Lending, 10 VAC 5-200-10 <i>et seq.</i>
BFI-2015-00041	2016 Annual assessment pursuant to § 6.2-2213 A of the Code of Virginia and 10 VAC 5-210-95 of the State Corporation Commission's rules governing Motor Vehicle Title Lending, 10 VAC 5-210-10 <i>et seq.</i>
BFI-2015-00042	Commonwealth Finance, LLC - Alleged violation VA Code § 6.2-1534
BFI-2015-00043	The American Mortgage Group LLC - Alleged violation of Chapter 16 of the Code of Virginia
BFI-2015-00054	Executive Financial Services Co Inc. - Alleged violation of VA Code § 6.2-1612
BFI-2015-00059	Fast Auto Loans, Inc. - Petition to Withhold Production of Annual Report.
BFI-2015-00060	Anderson Financial Services, LLC Loan Max d/b/a Loan Max - Petition to Prevent Disclosure of Information.
BFI-2015-00061	TitleMax of Virginia, Inc. - Petition.

CLK	CLERK'S OFFICE
CLK-2015-00002	Administrative Order designating supervision of divisions to the members of the Commission as provided
CLK-2015-00003	Gi Sung William Moon and Jung-Mi Son, on behalf of Bo Rim Buddhist Temple - Petition for Expungement of Records
CLK-2015-00005	Blue Ridge Technical Services, Inc. - For order of involuntary dissolution pursuant to VA Code § 13.1-749
CLK-2015-00006	Pammalla S. Uplinger - Petition for a Ruling to Rescind the Incorporated Statute of Alexandria Overlook Condominium Council of Co-Owners and a Finding that William W. Sleeth III Signed a Document for Filing with the VA SCC that he knew was False
CLK-2015-00007	PCC Technology Group, LLC - Motion for Default or, Alternatively, for the Commission to Answer or Otherwise Respond
CLK-2015-00008	Alexandra Knop, William Knop, and Peter R. Q. Knop v. Peter J. Knop, Ticonderoga Farms, LLC and Ticonderoga Farms, Inc. - Petition to vacate conversion of Ticonderoga Farms, Inc. to Ticonderoga Farms, LLC, and for other related relief.
CLK-2015-00009	Administrative Order - Effective this date, the Courtroom known as Courtroom C in the Tyler Building shall now and forevermore be designated and known as the Honorable Preston Caperton Shannon Courtroom.

INS	BUREAU OF INSURANCE
INS-2014-00191	Consumers Direct Association of America - Alleged violation of 14-VAC-5-410-40 D
INS-2014-00194	Crystal Whitney Miller and Associated Insurance Systems Services, Inc. - Alleged violation of VA Code §§ 38.2-1809, 38.2-1813, and 38.2-512
INS-2014-00198	Gary Clark, Gary Clark, Inc. and The Gridiron Legacy - Alleged violation of VA Code § 38.2-1812 B
INS-2014-00205	Edward Santana - Alleged violation of VA Code § 38.2-518 F
INS-2014-00216	John L. Hook and Commonwealth Title & Abstract Corporation - Alleged violated of VA Code § 55-525.24 A <i>et al.</i>
INS-2014-00220	Cigna Health and Life Insurance Company - Alleged violation of VA Code § 38.2-3559 <i>et al.</i>
INS-2014-00233	Ann Hall Branscome Kendall & Benchmark Commercial Title Agency, LLC - Alleged violation of VA Code § 38.2-1801 <i>et al.</i>
INS-2014-00238	UnitedHealthcare of the Mid-Atlantic, Inc. - Alleged violation of VA Code § 38.2-3407.15 B 1 <i>et al.</i>
INS-2014-00250	Lancer Insurance Company - Alleged violation of VA Code § 38.2-305 B <i>et al.</i>
INS-2014-00253	Lisa C. Bandy - Alleged violation of VA Code §§ 38.2-1813 and 38.2-512
INS-2014-00254	Marc Alan Zimmerman - Alleged violation of VA Code § 38.2-512 A
INS-2014-00255	Michael Nicholas David - Alleged violation of VA Code § 38.2-512 A

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INS-2014-00257	Evans Brand & Associates Inc. - Alleged violation of VA Code § 38.2-512
INS-2014-00258	Tonya Tutton Brand - Alleged violation of VA Code § 38.2-512
INS-2014-00260	Mitsui Sumitomo Insurance Company of America & Mitsui Sumitomo Insurance USA Inc. - Alleged violation of VA Code §§ 38.2-317 and 38.2-1906 D
INS-2014-00261	Mary H. Taylor - Alleged violation of VA Code § 38.2-1826 <i>et al.</i>
INS-2014-00265	GEICO Advantage Insurance Company, GEICO Choice Insurance Company, GEICO Secure Insurance Company - Alleged violation of VA Code § 38.2-1906 A
INS-2014-00266	GEICO Indemnity Company and GEICO Casualty Company - Alleged violation of VA Code § 38.2-1906 A
INS-2014-00267	Erie Insurance Exchange - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00268	Regent Insurance Company and General Casualty Company of Wisconsin - Alleged violation of VA Code § 38.2-317
INS-2014-00269	Florists' Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00270	State National Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00271	Firemen's Insurance Company of Washington, D. C., Union Insurance Company and Continental Western Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2014-00272	Penteco LLC - Alleged violation of VA Code § 38.2-1813
INS-2014-00273	EZ Insurance Group LLC - Alleged violation of VA Code Section 38.2-1822
INS-2014-00274	Barry Mark Dodson, Specialty Insurance Agency, LLC and Columbia Underwriters Agency, LLC - Alleged violation of VA Code § 38.2-1813
INS-2014-00275	Premium Title Services Inc. - Alleged violation of VA Code § 55-525.24
INS-2014-00276	American Eagle Title & Escrow Services, Inc. - Alleged violation of VA Code § 55-525.20
INS-2014-00277	David Curto - Alleged violation of VA Code § 38.2-1822
INS-2014-00278	Sabrina Marie Brittain - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00002	Richard Joseph Eichhorn - Alleged violation of VA Code § 38.2-1826
INS-2015-00004	Madison Insurance Company - Alleged violation of VA Code § 38.2-1040 A 3 and 9
INS-2015-00005	Xylem, Inc. - Petition for appeal of NCCI decision
INS-2015-00006	Allianz Life Insurance Company of North America - for & on behalf of VA Bureau of Insurance & Insurance Regulators of FL, CA, CT, IL, MI, ND, PA & VA
INS-2015-00007	In Re: Examination of Group Hospitalization & Medical Services, Inc.
INS-2015-00008	Teddy R. Sumner - Alleged violation of VA Code §§ 38.2-502 (1) and 38.2-1826 A
INS-2015-00009	Richard Anthony Long - Alleged violation of VA Code § 38.2-1826 C
INS-2015-00010	Sandra Fowler - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00011	Anthony Lynn Green - Alleged violation of VA Code § 38.2-1826 B
INS-2015-00013	Rita J. Whitaker - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00014	Casey Doerfler - Alleged violation of VA Code § 38.2-1822
INS-2015-00015	Jeremiah S. Jones - Alleged violation of VA Code § 38.2-1822
INS-2015-00016	General Casualty Company of Wisconsin - Alleged violation of VA Code § 38.2-317 and 38.2-1906 D
INS-2015-00017	Travelers Casualty and Surety Company of America - Alleged violation of VA Code § 38.2-1906 A
INS-2015-00018	Church Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2015-00019	Nationwide Mutual Insurance Company, Harleysville Insurance Company, Harleysville Preferred Insurance Company & Harleysville Worcester Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2015-00020	Reciprocal of America & The Reciprocal Group - For order scheduling order and for final order designating claims liquidation date
INS-2015-00021	Talbot Settlement & Escrow, LLC - Alleged violation of VA Code §§ 55-525.20 and 55-525.24
INS-2015-00022	Ex Parte: In the matter of adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to §§ 38.2-3725, 38.2-3726, 38.2-3727 and 38.2-3730 of the Code of Virginia
INS-2015-00023	Calvin Jones, Jr. - Alleged violation of 14 VAC 5-41-30 B
INS-2015-00026	Lumbermen Underwriting Alliance - Alleged violation of VA Code § 38.2-1206
INS-2015-00027	Cassandra L. Ott - Alleged violation of VA Code § 38.2-1826
INS-2015-00028	ATX Premier Insurance Company - Alleged violation of VA Code § 38.2-1028
INS-2015-00029	Sharra Neves Carvalho - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00030	Darren Casper - Alleged violation of VA Code § 38.2-1813
INS-2015-00031	Ellen K. Ess - Alleged violation of VA Code § 38.2-1822
INS-2015-00032	Joni Veltema - Alleged violation of VA Code § 38.2-1822 (A)
INS-2015-00033	Timisha Wiggins - Alleged violation of VA Code § 38.2-1831 (10)
INS-2015-00034	Crystal Settlement Services, LLC - Alleged violation of VA Code § 55-525.30 and 14 VAC 5-395-30
INS-2015-00035	Esurance Insurance Company and Esurance Property and Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-305A, 38.2-502, 38.2-510 A 3, <i>et al.</i>
INS-2015-00036	Liberty Insurance Corporation and Liberty Mutual Insurance Company - Alleged violation of VA Code § 38.2-1906 A
INS-2015-00037	Hartford Fire Insurance Company and Twin City Fire Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2015-00038	ACIG Insurance Company - Alleged violation of VA Code Section 38.2-1906 A
INS-2015-00039	CLA Company Inc. dba CLA Title & Escrow - Alleged violation of VA Code § 55-525.30 and 14 VAC 5-395-30
INS-2015-00040	American Modern Home Insurance Company - Alleged violation of VA Code § 38.2-305
INS-2015-00041	Karen Leigh Henderson - Alleged violation of VA Code Sections 38.2-1826 C and 38.2-1831 (1)
INS-2015-00042	Pacific Life Insurance Company - for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2015-00043	Guardian Life Insurance Company - for & on behalf of VA Bureau of Ins. & Ins. Regulators of FL, CA, CT, IL, MI, ND PA & VA
INS-2015-00044	Fox Paine International GP, Ltd. - Form A Exemption Request
INS-2015-00045	Lawrence Eliot Tucker & Signature Title & Escrow, LLC - Alleged violation of VA Code § 55-525.20
INS-2015-00047	Michael Anthony Greer - Alleged violation of VA Code Sections 38.2-512 B and 38.2-1831 (10)
INS-2015-00048	James River Group Holdings, Ltd. - Form A Exemption Request Regarding New United Kingdom Intermediate Holding Company.
INS-2015-00049	Lesli Denise Howery and Lesli Howery Bail Bonds, LLC - Alleged violation of VA Code § 38.2-1813
INS-2015-00050	William Lamont Humphrey, Jr. - Alleged violation of VA Code Section 38.2-1831 (1)

INS-2015-00051	Tabitha Lynn Dyess - Alleged violation of VA Code Section 38.2-512
INS-2015-00052	Old Republic National Title Insurance Company - Alleged violation of VA Code §§ 38.2-1812 and 38.2-1822
INS-2015-00053	American Fire and Casualty Company, The Ohio Casualty Insurance Company, Ohio Security Insurance Company and West American Insurance Company - Alleged violation of VA Code §§ 38.2-317 and 38.2-1906 D
INS-2015-00054	Charter Oak Fire Insurance Company, The Phoenix Insurance Company, The Travelers Indemnity Co, Travelers Indemnity Co of America, Travelers Indemnity Co of Connecticut, and Travelers Property Casualty of American-Alleged violation of VA Code § 38.2-19.2-1906 D
INS-2015-00055	Jaime P. Urteaga - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00056	Auto Owners Insurance Company & Owners Insurance Company - Alleged violation of VA Code §§ 38.2-231 <i>et al.</i>
INS-2015-00057	Shannon C. Mize - Alleged violation of VA Code §§ 38.2-1804, 38.2-1812.2, 38.2-1813, and 38.2-1822
INS-2015-00058	Miranda L. Steward - Alleged violation of VA Code §§ 38.2-1812.2, 38.2-1813, and 38.2-1822
INS-2015-00059	William Spencer Byrn - Alleged violations of Virginia Code § 38.2-1813 A
INS-2015-00060	Brent E. Albright - Alleged violation of VA Code § 38.2-518
INS-2015-00061	David's Bail Bonding, Inc. & David Locklear, Jr. - Alleged violation of VA Code §§ 38.2-1804 <i>et al.</i>
INS-2015-00062	Hampton Roads Insurance Services, Inc. and John Patrick Mullen - Alleged violation of VA Code §§ 38.2-512 (A) <i>et al.</i>
INS-2015-00063	Allstate Insurance Company, Allstate Indemnity and Allstate Property and Casualty Insurance Company - Alleged violation of VA Code § 38.2-305 A <i>et al.</i>
INS-2015-00064	National Council on Compensation Insurance, Inc. - Application to revise loss costs and assigned risk rates.
INS-2015-00065	In the matter of presentations of premium rates in connection with health insurance coverage issued in the individual and small group markets
INS-2015-00066	William Ruiz De Castilla - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00068	Donald Wilson - Alleged violation of VA Code § 38.2-406
INS-2015-00069	RPX Ins Services LLC - Alleged violation of VA Code § 38.2-406
INS-2015-00070	Suzette Height - Alleged violation of VA Code § 38.2-406
INS-2015-00071	Janet Beaver - Alleged violation of VA Code § 38.2-406
INS-2015-00072	Onpoint Underwriting Inc. - Alleged violation of VA Code § 38.2-406
INS-2015-00073	Robert Kingsley - Alleged violation of VA Code § 38.2-406
INS-2015-00074	John Myatt - Alleged violation of VA Code § 38.2-406
INS-2015-00075	Sharon Moore - Alleged violation of VA Code § 38.2-406
INS-2015-00076	Kelly Davis - Alleged violation of VA Code § 38.2-406
INS-2015-00077	Crouse and Assoc Insurance Services of Northern California Inc. - Alleged violation of VA Code § 38.2-406
INS-2015-00078	John Thompson - Alleged violation of VA Code § 38.2-406
INS-2015-00080	Kimberly Lindsay - Alleged violation of VA Code § 38.2-406
INS-2015-00081	Richard Stang - Alleged violation of VA Code § 38.2-406
INS-2015-00082	Courtland Management - Alleged violation of VA Code § 38.2-406
INS-2015-00083	Kevin Martin - Alleged violation of VA Code § 38.2-406
INS-2015-00085	Virginia Beam - Alleged violation of VA Code § 38.2-406
INS-2015-00087	Richard Stevens - Alleged violation of VA Code § 38.2-406
INS-2015-00088	Total Dollar Management Effort Ltd - Alleged violation of VA Code § 38.2-406
INS-2015-00090	Tobias Antwon Sittou - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00091	In the matter of refunding overpayments of premium license tax on gross premium income of surplus lines brokers for the taxable year 2014.
INS-2015-00092	Terry L. McAbee - Alleged violation of VA Code §§ 38.2-518 F <i>et al.</i>
INS-2015-00093	Harold Wayne McIntyre - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00094	Stillwater Insurance Company - Alleged violation of VA Code §§ 38.2-305 A <i>et al.</i>
INS-2015-00095	Bankers Independent Insurance Company - Alleged violation of VA Code §§ 38.2-236 A <i>et al.</i>
INS-2015-00097	Frankie Harris - Alleged violation of VA Code §§ 38.2-403 and 38.2-406
INS-2015-00098	Matthew Jezior - Alleged violation of VA Code §§ 38.2-403 and 38.2-406
INS-2015-00099	Jeffery Vaughn - Alleged violation of VA Code §§ 38.2-403 and 38.2-406
INS-2015-00100	Edward Burns - Alleged violation of VA Code §§ 38.2-403 and 38.2-406
INS-2015-00102	Timothy Briles - Alleged violation of VA Code §§ 38.2-403 and 38.2-406
INS-2015-00103	GEICO General Insurance Company and Government Employees Insurance Company - Alleged violation of VA Code Section 38.2-1906 A
INS-2015-00104	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 2014
INS-2015-00105	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 2014
INS-2015-00106	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 2014
INS-2015-00107	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 2014
INS-2015-00108	Jacalyn McDermott Bennett - Alleged violation of VA Code § 38.2-512
INS-2015-00109	Emmanuel Devon Stone d/b/a Stone Bail Bonds - Alleged violation of VA Code § 38.2-1804 <i>et al.</i>
INS-2015-00111	Stephenie Owen - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00112	Natalie Seeman - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00113	Joseph Martinez - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00114	Christopher George Wayne Lyn - Alleged violation of VA Code § 38.2-1826
INS-2015-00115	Fardosa Nuur - Alleged violation of VA Code § 38.2-1931 (1)
INS-2015-00116	Tammy Rose Hedrick-Robertson - Alleged violation of VA Code §§ 38.2-512 A and 38.5-509A (2)
INS-2015-00117	Steven Giglio - Alleged violation of VA Code § 38.2-1826 C and 14 VAC 5-80-350 (2)
INS-2015-00118	Shawn M. Richardson - Alleged violation of 14 VAC 5-80-350 (2)
INS-2015-00119	Jerry Pilkington - Alleged violation of VA Code § 38.2-2126 (A) (1)
INS-2015-00121	Buyer's Title, Inc. - Alleged violation of VA Code § 55-525.30 and 14 VAC 5 395-30
INS-2015-00122	Kevin Scott Sullivan - Alleged violation of VA Code § 38.2-1831 (1)

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INS-2015-00124	Cynthia M. Craft - Alleged violation of VA Code § 38.2-1813
INS-2015-00126	Doris Owens - Alleged violation of VA Code § 38.2-1804 and 38.2-1813
INS-2015-00127	Boston National Title Agency, LLC - Alleged violation of VA Code § 38.2-1826 C
INS-2015-00129	Blaine William Keller - Alleged violation of VA Code §§ 38.2-502 (1) and 38.2-512 A
INS-2015-00130	Jonas Walker - Alleged violation of VA Code §§ 38.2-1804 <i>et al.</i>
INS-2015-00131	Rex Allen Stiltner - Alleged violation of VA Code § 38.2-1813
INS-2015-00132	Aetna Life Insurance Company - Alleged violation of VA Code §§ 38.2-316 A <i>et al.</i>
INS-2015-00133	Marivel Alvarez - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00134	Blenda Vanette Gamez - Alleged violation of VA Code § 38.2-1826
INS-2015-00136	Jack Warren Dempsey - Alleged violation of VA Code Section 38.2-1813
INS-2015-00137	Mark A. Barnes dba Free U Bail Bonds - Alleged violation of VA Code §§ 38.2-1812.2, 38.2-1813 and 38.2-1822
INS-2015-00139	Central Title and Escrow Inc. - Alleged violation of VA Code §§55-525.11, 55-525.20, 55-525.24, 55-525.25 and 55-525.27
INS-2015-00141	Ex Parte: In the matter of Amending the Rules Governing Annual Financial Reporting
INS-2015-00144	Residential Title and Escrow Company - Alleged violation of VA Code § 55-525.30 and 14 VAC 5-395.30
INS-2015-00147	Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. - For modification of the Final Order to add additional services offered by Anthem Affiliate AIM to those approved for provision from locations outside Virginia in Case No. INS-2014-00065
INS-2015-00148	Nationwide Life Insurance Company - Alleged violation of VA Code §§ 38.2-316 A <i>et al.</i>
INS-2015-00150	Roger J. Muller - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00151	Federal Insurance Co., Great Northern Insurance Company, Pacific Indemnity Co., Vigilant Insurance Company and Chubb Insurance Companies - Alleged violation of VA Code §§ 38.2-304 <i>et al.</i>
INS-2015-00154	Anthem Inc.- Acquisition of Control of Cigna Dental Health of Virginia, Inc.
INS-2015-00155	Cassellyn Haynie - Alleged violation of VA Code Section Governing Rules § 38.2-1826 and 38.2-1831 (1)
INS-2015-00156	Affirmative Insurance Company - Alleged violation of § 38.2-1030 & 38.2-1036
INS-2015-00157	McKinney & McKinney Technical Services Inc. - Alleged violation of VA Code §§ 38.2-1024 and 38.2-2402
INS-2015-00158	Limestone Title & Escrow LLC - Alleged violation of VA Code § 55-525.20
INS-2015-00159	Burrell Bonding Service & Alphonzo Burrell - Alleged violation of VA Code § 38.2-1812.2 <i>et al.</i>
INS-2015-00160	Jason Gregory Christmas - Alleged violation of VA Code § 38.2-1826
INS-2015-00161	Candius J. Bannister - Alleged violation of 14 VAC 5-810-350 (2)
INS-2015-00164	Aetna Life Insurance Company - Alleged violation of VA Code § 38.2-316 A <i>et al.</i>
INS-2015-00165	James A. Ayot - Alleged violation of VA Code Sections 38.2-1809, 38.2-1826 and 38.2-1831
INS-2015-00166	TNUS Insurance Company, Trans Pacific Insurance Co. and Tokio Marine America Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2015-00169	Progressive Advanced Insurance Company, Progressive Gulf Insurance Company - Alleged violation of VA Code § 38.2-1906 A
INS-2015-00170	In re: Rules Governing Settlement Agents pursuant to VA Code § 55-525.28
INS-2015-00171	Auto-Owners Insurance Company & Owners Insurance Company - Alleged violation of VA Code § 38.2-317
INS-2015-00172	Selective Insurance Company of America, Selective Insurance Company of SC, Selective Insurance Company of SE and Selective Way Insurance Co. - Alleged violation of VA Code § 38.2-1906 A
INS-2015-00173	Charnal Deleen Jones - Alleged violation of VA Code § 38.2-1813
INS-2015-00174	Ex Parte: In the matter Amending the Rules Governing the Filing of Rates for Individual and Certain Group Accident and Sickness Insurance Policy Forms.
INS-2015-00175	Financial American Life Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2015-00176	Kurtis Emil Schoenbauer - Alleged violation of VA Code § 38.2-1826
INS-2015-00177	Carley Brush - Alleged violation of VA Code § 38.2-1826 A C
INS-2015-00178	John Paul Holodinski - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00179	Dominion Dental USA, Inc. - Form A Statement Regarding the Approval of Control of DentalQuest Virginia, Inc. by Dominion Dental USA, Inc.
INS-2015-00180	In Re: Assessment upon certain insurers, Health Maintenance Organizations <i>et al.</i> to pay the expense of the BOI for the Year 2016
INS-2015-00182	HCC Life Insurance Company - Alleged violation of VA Code §§ 38.2-1833 A 1 and 38.2-1822 B
INS-2015-00183	Angelica Dianira Tobias Zavala - Alleged violation of VA Code § 38.2-1826
INS-2015-00184	In the matter Amending the Rules Governing Internal Appeal and External Review
INS-2015-00186	Michael S. Miles - Alleged violation of VA Code §§ 38.2-1804, 38.2-1812.2, and 38.2-1831
INS-2015-00187	Noel G. Thomas - Alleged violation of VA Code § 38.2-1826
INS-2015-00189	William Isaac Shansky - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00190	Ellery J. Moreland - Alleged violation of VA Code § 38.2-1826 & 38.2-1831 (1)
INS-2015-00192	Holman H. Sarmiento Monsalvo - Alleged violation of VA Code § 38.2-512 A & 38.2-1826 A
INS-2015-00196	Twin City Fire Insurance Company, Trumbull Insurance Company and Hartford Casualty Insurance Company - Alleged violation of VA Code § 38.2-1906D
INS-2015-00197	Philadelphia Indemnity Insurance Company - Alleged violation of VA Code § 38.2-1906D
INS-2015-00199	David P. Giegerich - Alleged violation of VA Code §§ 38.2-1826 and 38.2-1831 (1)
INS-2015-00200	Juan Monsivais - Alleged violation of VA Code § 38.2-1826 and 38.2-1831 (1)
INS-2015-00201	Clifford Hanson - Alleged violation of VA Code § 38.2-1831 (1)
INS-2015-00204	Jud Rothman - Alleged violation of VA Code § 38.2-1831 (1)

PST**PUBLIC SERVICE TAXATION**

PST-2014-00023	Aqua Virginia, Inc. - Supplemental Assessment for Tax Years 2011, 2012, 2013, and 2014.
PST-2014-00024	Aqua Virginia, Inc. - Supplemental Assessment for Tax Year 2014.
PST-2014-00025	Verizon South Inc. - Supplemental Assessment for Tax Years 2011 through 2014.

PUC	PUBLIC UTILITY COMMUNICATIONS
PUC-2014-00060	Sunset Digital Communications, Inc. - Certification of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchanged Telecommunications Services
PUC-2014-00062	Summit Infrastructure Group, LLC, SummitIG, LLC & Summit Infrastructure Group, Inc. - Joint Application for approval of transfer of control to Summit Infrastructure Group, Inc. & approval of transfer of certain assets from SummitIG, LLC to Summit Infrass
PUC-2014-00063	Declaration Networks Group, Inc. - Request for ETC Designation or a Statement Formally Declining Jurisdiction
PUC-2015-00001	Apparent Wind, Inc., Fiber Roads, LLC and Ting Fiber, Inc. - Joint Application for Approval of a Series of Transactions Affecting the Ownership of Fiber Roads, LLC
PUC-2015-00002	Lighttower Fiber Networks II, LLC - For amended certificate to reflect corporate name change
PUC-2015-00004	MegaPath Corporation - Consummation Notice and Request to Cancel Authority
PUC-2015-00005	McGraw Communications, Inc. of Virginia, Inc. - For approval to change the name on its operating authority to BCM One, Inc. on its certificate
PUC-2015-00006	Central Telephone Company of Virginia d/b/a CenturyLink and Teleport Communications America, LLC - Interconnection Agreement between Central Telephone Company of Virginia d/b/a CenturyLink and Teleport Communications America, LLC
PUC-2015-00007	United Telephone Southeast LLC d/b/a CenturyLink d/b/a CenturyLink and Teleport Communications America, LLC - Interconnection Agreement between United Telephone Southeast LLC d/b/a CenturyLink and Teleport Communications America, LLC
PUC-2015-00008	Waterford Telephone Company - for waiver or modification of bond requirement
PUC-2015-00009	Cypress Communications Holding Company of Virginia, LLC - Petition for Approval of Decertification and Discontinuation of Service in VA
PUC-2015-00011	United Telephone Southeast LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink (collectively CenturyLink) and Birch Communications of Virginia, Inc. - Interconnection Agreement
PUC-2015-00012	RCVA, Inc. - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resale Local Exchange and Interexchange Service within the Commonwealth of Virginia
PUC-2015-00013	Sunset Fiber, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Resold & Facilities-Based Local Exchange Telecommunications Services throughout the Commonwealth of Virginia as a competitive local exchange carrier
PUC-2015-00014	Verizon Virginia, LLC & Verizon South, Inc. - Notification of Planned Disconnection of Service to CoreTel Virginia, LLC for Nonpayment of Charges
PUC-2015-00015	BARConnects, LLC - Application for Designation as an Eligible Telecommunications Carrier
PUC-2015-00016	Crown Castle International Corp., <i>et al.</i> - Application for approval of a <i>pro forma</i> change in direct ownership pursuant to VA Code § 56-88 <i>et seq.</i>
PUC-2015-00018	AT&T Inc., Teleport Communications Group Inc., and Teleport Communications America, LLC - Verified Joint Application for Approval of Intra-Corporate Transactions
PUC-2015-00019	Verizon - Interconnection Agreement between Verizon Virginia LLC and Wide Voice, LLC
PUC-2015-00020	Verizon - Interconnection Agreement between Verizon South Inc. and Wide Voices, LLC
PUC-2015-00021	CoreTel Virginia, LLC - Petition for Preliminary Injunction
PUC-2015-00022	United Telephone Southeast, LLC d/b/a Century Link - Interconnection Agreements between Co and New Cingular Wireless PCS, LLC
PUC-2015-00023	Midwest Cable Phone of Virginia, LLC - for cancellation of its certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUC-2015-00024	Central Telephone Company of Virginia d/b/a CenturyLink and New Cingular Wireless PCS, LLC - Interconnection Agreement
PUC-2015-00026	Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink and Lumos Networks, Inc - Interconnection Agreement
PUC-2015-00027	LightSquared Inc., LightSquared LP and LightSquared Inc. of Virginia - Joint Petition for Approval to Transfer Control of LightSquared Inc. of Virginia Pursuant to Va. Code § 56-88 <i>et seq.</i>
PUC-2015-00029	Crown Castle International Corp., <i>et al.</i> - Joint Application for Approval of the Transfer of Indirect Control of Sunesys of Virginia, Inc. to Crown Castle Operating Company and related Transactions Pursuant to Va. Code § 56-88 <i>et seq.</i>
PUC-2015-00030	Goff Network Technologies - Virginia, Inc. - Application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia.
PUC-2015-00031	Cequel Corporation, Cebridge Telecom VA LLC and Altice S.A. - Joint Petition for Approval to Transfer Control of Cebridge Telecom VA, LLC Pursuant to Va. Code § 56-88 <i>et seq.</i>
PUC-2015-00032	Onvoy LLC and Broadvox Inc., The Broadvox, Inc., The Broadvox Holding Company, LLC and Broadvox-CLEC, LLC - Joint Application for Approval of the Transfer of Direct Control of Broadvox CLEC, LLC
PUC-2015-00033	Sprint Communications Company of Virginia, Inc. - Petition for Partial Discontinuance of Service
PUC-2015-00034	Mitel NetSolutions of Virginia, Inc. - For amended and reissued certificate to reflect a company name change
PUC-2015-00035	West Corporation, Intrado Communications, Inc., Intrado Communications of Virginia, Inc., HyperCube, LLC, HyperCube Telecom, LLC, Thomas H. Lee Partners, L.P., and Quadrangle Group, LLC - Petition for an Order authorizing disposition of control
PUC-2015-00036	Time Warner Cable and Charter Communications, Inc. - Joint Petition for Approval of the Transfer of Control of Time Warner Cable Information Services (Virginia), LLC, <i>et al.</i> , and Authority to Complete Certain Pro Forma Intra-Corporate Transactions
PUC-2015-00038	Fiber Connect LLC - Certificates of Public Convenience and Necessity to Provide Competitive Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia
PUC-2015-00039	Odyssey Acquisition, LLC, <i>et al.</i> - Joint Application for Approval of the Transfer of Indirect Control of ExteNet Systems (Virginia), LLC to Odyssey Acquisition, LLC Pursuant to Va. Code § 56-88 <i>et seq.</i>
PUC-2015-00042	Vitcom LLC - Application for a Certificate of Public Convenience and Necessity to operate within the Commonwealth of Virginia
PUC-2015-00043	Bengal Communications International, Inc. of Virginia - For cancellation of IXC
PUC-2015-00044	Comcast Phone of Northern Virginia Inc. - Notification that Comcast Phone of Northern Virginia, Inc. proposes to relinquish its certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of VA
PUC-2015-00045	Central Telephone Company of Virginia d/b/a CenturyLink and AT&T Communications of Virginia, LLC - Interconnection Agreement
PUC-2015-00046	United Telephone Southeast LLC d/b/a CenturyLink and AT&T Communications of Virginia, LLC - Interconnection Agreement
PUC-2015-00047	Central Telephone Company of Virginia d/b/a CenturyLink - Application to expand the competitive determination of residential retail services under Va. Code § 56-235.5 (I)
PUC-2015-00048	CenturyLink & QuantumShift Communications of Virginia Inc. - Negotiated Interconnection Agreement between United Telephone

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PUC-2015-00049	Southeast LLC d/b/a CenturyLink, Central Telephone Company of Virginia d/b/a CenturyLink and QuantumShift Communications of VA
PUC-2015-00050	RiverStreet Communications of Virginia Inc. - Application for CLEC
PUC-2015-00051	Level 3 Communications of Virginia, Inc. and Shenandoah Telephone Company - Interconnection Agreement
PUC-2015-00052	Hypercube Telecom, LLC - Application for Cancellation and Reissuance of Certificate of Public Convenience and Necessity to Reflect its Current Name
PUC-2015-00053	Garrison TNCI LLC, TNCI Holdings LLC, TNCI Operating Company LLC, & Impact Telecom, Inc., Matrix Telecom, Inc., & Matrix Telecom of Virginia, Inc. - Joint Application for Approval of Proposed Transfer of Indirect Control of Matrix Telecom of Virginia Inc.
PUC-2015-00054	Broadwing Communications LLC - Cancellation of Certs. and Discontinuance of Integrated Voice and Data services in Virginia
PUC-2015-00055	Lumos Telephone Inc. and Level 3 Communications of Virginia, Inc. - Network Interconnection Agreement
PUC-2015-00056	Intellifiber Networks, Inc. - For amended and reissued CLEC and IXC to reflect new company name
PUC-2015-00057	PAETEC Communications of Virginia Inc. - For amended and reissued CLEC and IXC to reflect new company name
PUC-2015-00059	Talk America of Virginia Inc. - For amended and reissued CLEC and IXC to reflect new company name
PUC-2015-00060	Windstream KDL- VA, Inc. - For amended and reissued CLEC and IXC to reflect new company name
PUC-2015-00061	First Communications LLC and Comcast Phone of Virginia, LLC - Joint Notice of a Transfer of Customers
PUC-2015-00062	Freedom Telecom Services of Virginia, LLC - Application for a Certificate of Public Convenience and Necessity to Provide Interexchange Service throughout the Commonwealth of Virginia
PUC-2015-00062	Frontier Communications of Virginia, Inc. and Level 3 Communications of Virginia, Inc. - Interconnection Agreement.

PUE	DIVISION OF ENERGY REGULATION
PUE-2014-00119	Virginia Electric and Power Company - Application for approval of modifications to its Economic Development Rate, Rider EDR
PUE-2014-00120	Front Line Power Solution, LLC - Application for a License to conduct business as a Competitive Service Provider and \$250 check for filing fee
PUE-2014-00124	Virginia Electric & Power Company d/b/a Dominion Virginia Electric and Rappahannock Electric Cooperative - for amended boundary line certificate
PUE-2014-00127	Appalachian Power Company and AEP Credit, Inc. - Application for Authority to Enter into an Affiliate Transaction Under Title 56, Chapter 4 of the Code of Virginia.
PUE-2015-00001	Ex Parte: In the matter of determining the proper treatment of regulatory assets authorized for Appalachian Power Company
PUE-2015-00002	Atmos Energy Corporation - Annual Informational Filing
PUE-2015-00003	Enspire Energy - Application for License to Supply Gas or Gas Supply Services to the Public in VA and \$250 check for filing fee
PUE-2015-00004	Xpress Natural Gas, LLC - Petition for a Declaratory Judgment and Request for Expedited Consideration
PUE-2015-00005	Virginia Electric and Power Company - Application 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
PUE-2015-00006	Virginia Electric & Power Co -For approval and certification of the proposed Remington Solar Facility pursuant to 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause under § 56-585.1 A 6 of the Code of Virginia
PUE-2015-00008	Sprague Energy Solutions Inc. - Application for Competitive Service Provider
PUE-2015-00009	Virginia-American Water Company - Annual Informational Filing for the nine months ending September 30, 2014.
PUE-2015-00010	Buckland Water & Sanitation Assets Corporation - Application for a Certificate of Public Convenience and Necessity
PUE-2015-00012	Community Electric Cooperative - for authority to refinance long-term debt
PUE-2015-00013	Virginia Natural Gas, Inc. - Annual Informational Filing based on the 12-months ended September 30, 2014
PUE-2015-00014	Aqua Utilities Captain's Cove, Inc. and Captain's Cove Utility Company, Inc. - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2015-00015	Washington Gas Light Company - Annual Informational Filing for the twelve-months ended September 30, 2014
PUE-2015-00016	Virginia Natural Gas, Inc. and Sequent Energy Management, L.P. - Application for approval of an asset management agreement under Chapter 4 of Title 56 of the Code of Virginia
PUE-2015-00017	Washington Gas Light Company - Application for approval to Amend its current SAVE Plan
PUE-2015-00018	Appalachian Natural Gas Distribution - Annual Informational Filing for the year ended September 30, 2014.
PUE-2015-00019	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to Revise Fuel Factor
PUE-2015-00020	Aqua Virginia Inc. - Application for Approval to Issue Debt Securities Pursuant to Chapter 3 of Title 56 of the Code of Virginia.
PUE-2015-00021	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
PUE-2015-00022	Virginia Electric and Power Company's - For annual fuel factor
PUE-2015-00023	Virginia Electric and Power Company d/b/a Dominion Virginia Power and Central Virginia Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUE-2015-00024	Sprague Energy Solution Inc. - Application for a Competitive Service Provider
PUE-2015-00025	Aqua Virginia, Inc. Petition for Waiver of Annual Informational Filing
PUE-2015-00026	Appalachian Power Company and Central Virginia Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUE-2015-00027	Virginia Electric and Power Company - Application for 2015 biennial review of rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia
PUE-2015-00028	Northern Neck Electric Cooperative - Application for approval of prepaid electric service tariff
PUE-2015-00030	Columbia Gas of Virginia, Inc. - Application for approval of an amendment to Attachment A to the Amendment to and Restatement of Delivery Interconnect Agreements for the Existing Culpeper M&R Station pursuant to the Utility Affiliates Act
PUE-2015-00031	Glenn M. Heller and Sheila E. Frace - Petition requesting a public hearing
PUE-2015-00032	Appalachian Power Company and American Electric Power Service Corporation - Application for Authority to Enter into an Affiliate Transaction Pursuant to Title 56, Chapter 4 of the Code of Virginia
PUE-2015-00033	Roanoke Gas Company - Application for approval of a Certificate of Public Convenience and Necessity to provide natural gas pursuant to § 56-265.3 of the Virginia Code
PUE-2015-00034	Appalachian Power Company - Petition for approval of a rate adjustment clause related to its participation in the Renewable Energy Portfolio Program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E
PUE-2015-00035	In re: Virginia Electric and Power Company's - Integrated Resource Plan filing pursuant to Va. Code § 56-597 <i>et seq.</i>

PUE-2015-00036 In re: Appalachian Power Company's - Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*
PUE-2015-00037 In re: the Kentucky Utility Company d/b/a Old Dominion Power Company's - Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

PUE-2015-00038 Columbia Gas of Virginia, Inc. - Petition for a Partial Waiver of the Requirement of File an Annual Informational Filing for 2014
PUE-2015-00039 Reliant Energy Northeast LLC - For license to conduct business as a competitive service provider
PUE-2015-00040 Appalachian Power Company - Application for approval of an experimental rider for the purchase of non-dispatchable renewable energy
PUE-2015-00041 Virginia Electric and Power Company - For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of VA for Rider T1
PUE-2015-00042 Columbia Gas of Virginia, Inc. - Proposed Service in Uncertificated Area of Chesterfield County
PUE-2015-00043 Kentucky Utilities Company d/b/a Old Dominion Power Company - For waiver to deviate from rule filing date for 2014 AIF
PUE-2015-00044 Massanutten Public Service Corporation - Annual Informational Filing for 2014
PUE-2015-00045 Virginia American Water Company - Schedules for its Annual Informational Filing for the twelve months ended December 31, 2014
PUE-2015-00046 Washington Gas Light Company - Application for Approval of Service Agreement
PUE-2015-00047 Shipley Choice LLC - Application to register as a natural gas and electricity supplier in VA
PUE-2015-00048 Washington Gas Light Company - Application for Approval of Service Agreements between the Company and the affiliates, WGL Holdings, Inc., *et al.*

PUE-2015-00049 Baumann Farm LLC and Kristopher K. Baumann - Petition for Injunctive and other relief
PUE-2015-00050 Virginia Natural Gas Inc. - Application for approval of its 2015 SAVE Rider update
PUE-2015-00051 Virginia-American Water Company and American Water Resources, Inc. - Joint Motion for authority to continue participation in an agreement for support services

PUE-2015-00052 Virginia-American Water Company - Application for approval to issue debt securities pursuant to the provisions of Chapter 3 of Title 56 of the Virginia Code and \$250 check for requisite filing fee
PUE-2015-00053 Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Poland Road 230 kV Double Circuit Transmission Line Loop and 230-34.5 kV Poland Road Substation
PUE-2015-00054 Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Yardley Ridge 230 kV Double Circuit Transmission Line Loop and 230 kV Yardley Ridge Switching Station
PUE-2015-00055 Washington Gas Light Company - Application for Approval of a Natural Gas Supply Investment Plan pursuant to § 56-609 of the Code of Virginia.
PUE-2015-00056 Columbia Gas of Virginia Inc. - Application for approval of an Infrastructure Expansion Plan pursuant to Chapter 28 of Title 56 of the Code of Virginia

PUE-2015-00057 In the matter of amending regulations governing net energy metering
PUE-2015-00058 Virginia Electric and Power Company - For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the rate year commencing April 1, 2016
PUE-2015-00059 Virginia Electric and Power Company - For revision of rate adjustment clause: Rider R, Bear Garden Generating Station, for the rate year commencing April 1, 2016
PUE-2015-00060 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, 2016
PUE-2015-00061 Virginia Electric and Power Company - For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2016

PUE-2015-00062 REE VA, Inc. and Po River Water and Sewer Company - For approval of an Affiliate Transaction
PUE-2015-00063 Kentucky Utilities Company d/b/a Old Dominion Power Company - Application for an Adjustment of Electric Base Rates
PUE-2015-00064 Atmos Energy Corporation - Application for Approval of a 2015-2016 SAVE Plan and Rider Adjustment
PUE-2015-00065 Virginia Electric and Power Company d/b/a Dominion Virginia Power and Prince George Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act

PUE-2015-00066 Hospital Energy Services LLC - Application for Competitive Service Aggregator and \$250 check for administrative fee
PUE-2015-00067 Prince George Electric Cooperative - Application for Authority to Issue Securities and \$250 check for filing fee
PUE-2015-00068 Appalachian Power Company - Alleged violation of VA Code §§ 56-249 *et al.*
PUE-2015-00069 Northern Virginia Electric Cooperative - for Authority to finance distribution plant and general plant construction with up to \$120 million long-term financing from the Rural Utilities Services (RUS) and CoBank.

PUE-2015-00070 Virginia Electric and Power Company and Northern Virginia Electric Cooperative - For boundary line adjustment
PUE-2015-00071 Columbia Gas of Virginia, Inc. - For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604
PUE-2015-00072 Columbia Gas of Virginia, Inc. - For authority to amend and extend its CARE Plan pursuant to VA Code § 56-602
PUE-2015-00073 James W. Gercke - Petition for Injunctive and Other Relief
PUE-2015-00074 James W. Gercke - Petition for Injunctive and Other Relief to Protect Level Loop
PUE-2015-00075 Virginia Electric & Power Co. - For approval/certification of proposed Greenville Co. Power Station electric generation and transmission facilities under VA Code § 56-580 D, 56-265.2 & 56-46.1 & of a rate adjustment clause GV 56-585.1 A 6

PUE-2015-00076 Roanoke Gas Company - Application for a modification of its SAVE Plan and Rider
PUE-2015-00077 Aqua Presidential Inc. and Clyde E. Vipperman, Jr. - Joint Petition for Approval of a Transfer of Utility Assets
PUE-2015-00078 Prince George Electric Cooperative - Application for approval of prepaid electric service tariff
PUE-2015-00079 Virginia Natural Gas, Inc. & AGL Services Company - Application for approval of an amendment to services agreement
PUE-2015-00080 James W. Gercke - Petition for Revocation of Certificates issued in PUE-2013-00118 on Constitutional Grounds and Request for Injunctive and Other Relief

PUE-2015-00081 Rappahannock Electric Cooperative - Application for Approval of Refinance
PUE-2015-00082 H. P. Technologies, Inc. - Application for a license to conduct business as a competitive service provider and \$250 check for filing fee
PUE-2015-00083 Aqua Presidential, Inc., *et al.* - Joint Application for Approval of a Service Agreement
PUE-2015-00084 Aqua Virginia, Inc., *et al.* - Joint Application to Update Authority Granted in Case No. PUE-2014-00079 for Continued Participation in a Tax Allocation Agreement

PUE-2015-00085 Central Virginia Electric Cooperative - For Authority to Refinance Long-Term Debt
PUE-2015-00086 Appalachian Power Company - For approval of Rate Adjustment Clause pursuant to VA Code § 56-585.1 A 4
PUE-2015-00087 James W. Gercke - Petition to Void Certificates Issued in PUE-2013-00118, *Ab Initio* and Other Relief
PUE-2015-00088 Appalachian Power Company - Application for Revision of its Fuel Factor

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PUE-2015-00089	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
PUE-2015-00090	Appalachian Power Company - for approval and certification of electrical transmission line - Bland Area Improvements 138 kV transmission line rebuild project
PUE-2015-00091	Washington Gas Light Company - Application for approval of the SAVE Rider for calendar year 2016.
PUE-2015-00092	Delmarva Power & Light Company - Application for approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code §§ 56-265.1 <i>et seq.</i>
PUE-2015-00093	Open Market Energy LLC - License to operate as an energy aggregator/broker
PUE-2015-00094	Virginia Electric and Power Company and Northern Virginia Electric Cooperative - Joint Petition for authority to transfer utility assets pursuant to Chapter 5 of Title 56 of the Code of Virginia
PUE-2015-00095	Appalachian Natural Gas Distribution, ANGD, LLC and Utility Pipeline, Ltd. - Joint Petition for approval to Transfer or Sell to Utility Pipeline, Ltd. 100% of membership interest in ANGD
PUE-2015-00096	Eco-Energy LLC - Application for License to Conduct Business as a Competitive Service Provider
PUE-2015-00097	Virginia-American Water Company - Rate Request
PUE-2015-00098	BARC Electric Cooperative and Reliable Energy - Joint Application for approval of an affiliate agreement
PUE-2015-00099	Twin Eagle Resource Management, LLC - Application for license to Supply Natural Gas Services
PUE-2015-00100	Aqua Virginia Inc. and County of Spotsylvania, Virginia - Petition for approval of a transfer of utility assets.
PUE-2015-00101	Community Electric Cooperative - Petition to Secure Additional Long-Term Debt
PUE-2015-00102	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2016
PUE-2015-00103	Virginia Electric and Power Company - For approval of special rates, terms and conditions pursuant to § 56-235.2 of the Code of Virginia and for expedited consideration
PUE-2015-00104	Virginia Electric & Power Company - For approval/certification of proposed 2016 Solar Projects & for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia
PUE-2015-00105	Mecklenburg Electric Cooperative - For authority to refinance Long-Term Debt.
PUE-2015-00106	Atmos Energy Corporation - Application for an Order Authorizing the Implementation of A Universal Shelf Registration for Senior Debt Securities and Common Stock and Financial Derivative Instruments in Connection with Future Issuances of Securities.
PUE-2015-00107	Virginia Electric and Power Company - for Approval and Certification of Electric Facilities Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation
PUE-2015-00108	Virginia Electric and Power Company - For approval to establish experimental companion rates, designated Rate Schedule MBR - GS-3 (Experimental) and Rate Schedule MBR - GS-4 (Experimental) pursuant to § 56-234 B of the Code of Virginia
PUE-2015-00109	William C. Barnhardt - Petition for a Declaratory Judgment and Injunctive Relief.
PUE-2015-00110	Columbia Gas of Virginia, Inc., WestRock Virginia Corporation, and Ingevity Virginia Corporation - For a temporary waiver of certain provision of CGV's Rate Schedules and General Terms and Conditions of Service
PUE-2015-00111	Roanoke Gas Company - 2015 Annual Information Filing.
PUE-2015-00112	BARC Electric Cooperative - Petition for approval of a Loan from National Rural Electric Cooperative Finance Corporation in an amount not to exceed \$600,000 and \$250 check for filing fee.
PUE-2015-00113	The Southern Company, AGL Resources Inc. and Virginia Natural Gas, Inc. - Joint Petition for Approval of an Acquisition of Control of a Public Utility pursuant to Chapter 5 of Title 56 of the Code of Virginia.
PUE-2015-00114	Virginia Electric and Power Company - For establishment of rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year commencing September 1, 2016
PUE-2015-00115	Southwestern Virginia Gas Company - 2015 AIF
PUE-2015-00116	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - for Authority to Incur Short-Term Indebtedness pursuant to Title 56, Chapter 3 of the Virginia Code and to Lend and Borrow Short-Term Funds to and from its Affiliates.
PUE-2015-00117	Virginia Electric and Power Company - For Approval and Certification of Electric Facilities Remington-Gordonsville 230 kV Transmission Line
PUE-2015-00118	Appalachian Power Company - For approval of demand response programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 of the Code of Virginia
PUE-2015-00120	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 under Chapters 3 & 4, Title 56 of the Code of Virginia
PUE-2015-00121	Virginia Natural Gas Inc. - Application for approval to amend its SAVE Plan and Rider as provide by Chapter 26 of Title 56 (§§ 56-603 <i>et seq.</i>) of the Code of Virginia
PUE-2015-00122	Atmos Energy Corporation - For Authority to issue Common Stock
PUE-2015-00123	Atmos Energy Corporation - Application for Authority to Incur Long-Term Indebtedness Pursuant to the Provisions of Chapter 3 of Title 56 of the Virginia Code and \$250 check for filing fee
PUE-2015-00124	Washington Gas Light Company - Application for Approval of Revised Service Agreement
PUE-2015-00125	Atmos Energy Corporation - Application for expedited approval of a special contract for gas transportation service
PUE-2015-00126	Kentucky Utilities Company d/b/a Old Dominion Power Company - For approval of affiliate transactions
PUE-2015-00127	Doswell Limited Partnership - For a certificate of PCN for a nominal 340 MW electric generating facility in Hanover County
PUE-2015-00128	Columbia Gas of Virginia, Inc. and Washington Gas Light Company - For realignment of Service territories in Loudoun County, Virginia
PUE-2015-00129	Virginia Natural Gas, Inc. - Amended CARE Plan (CARE Phase 3)
PUE-2015-00130	Washington Gas Light Company - Application for Approval of an Affiliate Service Agreement
PUE-2015-00131	Columbia Gas of Virginia Inc. - Application for approval pursuant to the Utility Affiliate Act of an Amendment to an Agreement for the Allocation of Certain Federal Income Tax
PUE-2015-00133	Virginia Electric and Power Company - For Approval and Certification of Electric Facilities Belvoir - Gum Springs 230 kV Transmission Line Rebuild
PUE-2015-00134	Atmos Energy Corporation & Atmos Energy Marketing, LLC - Joint Application for authority to enter into a Gas Supply and Asset Management Agreement under the Affiliates Act. Va. Code § 56-76 <i>et seq.</i>
PUE-2015-00135	Washington Gas Light Company - Application for Authority to Engage in Project Financing and Affiliate Transactions Pursuant, respectively, to § 56-60 (Chapter 3) and §§ 56-76 <i>et seq.</i> (Chapter 4) of Title 56 of the Code of Virginia

PUE-2015-00136 EnerNoc, Inc. - Application to Conduct Business as a Competitive Service Provider. (Aggregator)
 PUE-2015-00137 Toll Road Investors Partnership II, L.P. - Application for an increase in tolls pursuant to § 56-542 I of the Virginia Code.

SEC DIVISION OF SECURITIES

SEC-2012-00001 Blue Lightning Enterprises, Inc. & Michael W. Ricciardelli, II - Alleged violation of VA Code § 13.150292) *et al.*
 SEC-2012-00017 Benoit Brookens, Trade Dock Co., Ethan Gluck, Laron Duncan and GD Capital Partners, LLC - Alleged violation of VA Code § 13.1-502(2) *et al.*

SEC-2014-00005 HOCOA Franchising Co., LLC - Alleged violation of VA Code § 13.1- 560 *et al.*
 SEC-2014-00022 Harold Conway Dill - Alleged violation of VA Code § 13.1-507, 13.1-504 B and 13.1-502 (2)
 SEC-2014-00024 Erryn Michael Barkett - Alleged violation of VA Code § 13.1-507, 13.1-504 B and 13.1-502 (2)
 SEC-2014-00030 Eugen Macovei and ReSol, LLC - Alleged violation of VA Code § 13.1-502
 SEC-2014-00031 Roger Odell Hudspeth, II & Dominion Investment Advisors, LLC - For alleged code violations of §§ 13.1-502 (2), 503, 507 1, 5, and 7, 507, and 521 A

SEC-2014-00033 Frank Young Smiley - Alleged violation of VA Code §§ 13.1-504 A, 13.1-507 and 13.502
 SEC-2014-00035 Wells Fargo Advisors - Alleged violation of 21 VAC 5-20-260
 SEC-2014-00045 J.W. Korth & Company, LP & James W. Korth - Alleged violation of VA Code § 13.1-504 B *et al.*
 SEC-2014-00050 James F. Crawford and Neal M. Woodard - For order imposing special supervisory procedures
 SEC-2014-00052 Waba Grill Franchise Corporation and Eric S. Lee - Alleged violation of VA Code §§ 13.1-560 and 13.1-563 (4)
 SEC-2014-00055 Impact Assets Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2014-00056 Impact Assets, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00001 The Reinvestment Fund, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00002 TMA Franchise Systems, Inc. d/b/a The Mosquito Authority & Joseph Darren Osborne - Alleged violation of VA Code §§ 13.1-560 and 13.1-563.4

SEC-2015-00007 Groundfloor Real Estate, LLC - For order effecting qualification of registration of securities pursuant to VA Code § 13.1-501 *et seq.*
 SEC-2015-00008 C & C Franchising, Inc. d/b/a Jani-King of Hampton Roads, Jani-King of Richmond - Alleged violation of VA Code § 13.1-563.2
 SEC-2015-00009 Sherri's Fun Foods, Inc. d/b/a Sherri's Crab Cakes - Alleged violation of VA Code §§ 13.1-560 & 13.1-563.4
 SEC-2015-00011 Next Financial Group, Inc. - Alleged violation of 21 VAC 5-20-260
 SEC-2015-00012 Elite Sports Enterprises, Inc. - Alleged violation of VA Code §§ 13.1-560 and 13.1-563
 SEC-2015-00014 In the matter of adopting a revision to the Rules Governing Section 13.1-501 *et seq.* of the Virginia Securities Act
 SEC-2015-00015 Joseph R. Dane - Alleged violation of VA Code § 13.1-507
 SEC-2015-00016 Michael Peter Binetti - Alleged violation of VA Code § 13.1-504 *et al.*
 SEC-2015-00017 Grace Brethren Investment Foundation, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00018 Columbia Union Revolving Fund - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00019 National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00020 Daryl Gene Bank, Raeann Ann Gibson, Gregory Dean Bodoh, Judith Ann Wines, Accelerator Management LLC, Bodoh & Associates, Ltd., *et al.* - Alleged violation of VA Code § 13.1-502 (2) *et al.*

SEC-2015-00022 Mission Investment Fund of the Evangelical Lutheran Christ of America - For exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00026 The Solomon Foundation - for order of exemption pursuant to VA Code § 13.1-514.1 B
 SEC-2015-00029 Thomas E. Kenney - Alleged violation of VA Code § 13.1-504
 SEC-2015-00033 Virginia Housing and Community Development Corporation - For Order of Exemption pursuant to VA Code § 13.1-514.1 (B)
 SEC-2015-00034 Citigroup Global Markets, Inc. - Alleged violation of VA Code Section 13.1-504A, Rule 21VA 5-20-260B and Rule 21VAC 5-20-260 D
 SEC-2015-00035 Suk Ku Lim - Alleged violation of VA Code § 13.1-502 *et al.*
 SEC-2015-00039 Catholic United Investment Trust - For exemption pursuant to VA Code § 13.1-514 1 B
 SEC-2015-00043 911 Restoration Franchise, Inc. - Alleged violation of VA Code § 13.1-560 and 13.1-563(4)
 SEC-2015-00044 Lutheran Church Extension Fund-Missouri Synod - For order of exemption pursuant to VA Code § 13.1-514 1 B
 SEC-2015-00048 Groundfloor Finance, Inc. - for registration of securities under VA Code § 13.1-510
 SEC-2015-00050 Whole Child Franchising, LLC and Matthew Barron - Alleged violation of VA Code §§ 13.1-560 and 13.1-563.4
 SEC-2015-00052 LPL Financial, LLC - Alleged violation of 21 VAC 5-20-260, *et al.*
 SEC-2015-00053 David Webb, G4i Capital Partners, Inc., Ronald S. Black, and BBB Investor Homes LLC - Alleged violation of VA Code § 13.1-504 *et al.*
 SEC-2015-00055 Michael D. Goldberg & Goldberg Financial, LLC - Alleged violation of 21 VAC -80-200 (A) 10 *et al.*
 SEC-2015-00059 Groundfloor Finance, Inc. -For Qualification Order pursuant to VA Code § 13.1-510
 SEC-2015-00063 Global Retailers, LLC & Bill Bussey - Alleged violation of VA Code § 13.1-501 *et seq.*

URS UTILITY AND RAILROAD SAFETY

URS-2006-00447 First Choice Communication Systems, L.L.C. - Alleged violation of VA Code section 56-265.24 A
 URS-2013-00191 The Buddy Lee Company - Alleged violation of VA Code § 56-265.17 A
 URS-2013-00227 Beck Communications - Alleged violation of VA Code § 56-265.24A
 URS-2013-00370 All-Link Communications LLC - Alleged violation of VA Code § 56-265.17A
 URS-2013-00377 Salem Paving Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2013-00417 All-Link Communications, LLC - Alleged violation of VA Code § 56-265.17A
 URS-2013-00472 Salem Paving Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2013-00509 D & Z Enterprise - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00005 Village Concrete, Inc. - Alleged violation of VA Code § 56-265.17 D *et al.*
 URS-2014-00046 Great Falls Septic Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00060 Superior Foundation, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2014-00065 Cherry Hill Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00068 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 C
 URS-2014-00074 West Valley, Inc. - Alleged violation of VA Code § 56-265.17 A

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URS-2014-00160 Robinson's Plumbing Service, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00164 Garcia Cable, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00212 East Coast Drilling, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00213 Bedrock Foundation Systems, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00227 Paniagua's Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00237 Decksapes of Virginia, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00243 River Construction Company of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.140.2, 17 A, 24 A
 URS-2014-00251 Coenen Landscape and Design, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00259 RC Demolition LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00263 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00268 America Directional Boring, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00269 S. J. Conner and Sons, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00278 G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00279 MasTec Advanced Technologies - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00285 JCR Underground Corp. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00289 ADDO Enterprises, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00297 Dominion Design Build Inc. - Alleged violation of VA Code §§ 56-265.17A and 56-265.24 H
 URS-2014-00309 NVR, Inc. t/a Ryan Homes - Alleged violation of VA Code Section 56-265.20:1
 URS-2014-00320 Kelleher Corporation - Alleged violation of VA Code § 56-265.17A, 24A
 URS-2014-00334 R. E. Lee Electric Company, Incorporated - Alleged violation of VA Code §§ 56-265.24A; 20VAC 5-309-150 (6); 20VAC 5-309-150 (8)
 URS-2014-00350 Atlantic Clearing and Grading- Alleged violation of VA Code § 56-265.17A
 URS-2014-00362 HP Builders Electric & Plumbing - Alleged violation of VA Code §§ 56-265.17A and 56-265.24A; 20 VAC 5-309-140(4)
 URS-2014-00366 Marcelo Ibarra - Alleged violation of VA Code § 56-265.17A
 URS-2014-00381 Whatley Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00382 N to N Fiber, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00386 Aquarius Pools, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00394 Anderson Construction, Inc. t/a Virginia Siteworks, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00401 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00404 Virginia Natural Gas, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e), *et al.*
 URS-2014-00405 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199(e), *et al.*
 URS-2014-00411 Burton Well Drilling, Inc - Alleged violation of VA Code § 56-265.17A
 URS-2014-00412 Chesapeake Utility Services, LLC - Alleged violation of VA Code §§ 56-265.24 A; 20 VAC 5-309-150.4; 20 VAC 5-309-150.8
 URS-2014-00413 Full Circle Concepts LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00423 Hanneman and Son's Electrical Services, Inc. - Alleged Violation of VA Code § 56-265.17 A
 URS-2014-00425 Michael Smith - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00426 M & C Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00431 W.C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 C
 URS-2014-00438 Toro Concrete, Inc. - Alleged violation of VA Code §§ 56.265.17 A and 56.265.24 A
 URS-2014-00445 NPL Construction Co. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00449 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A.; 20 VAC 5-309-110 M
 URS-2014-00450 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00455 Rulx Plumbing LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00456 Tidewater Deck & Fence - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00461 Titan Concrete - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00464 Earth Friendly Services LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00466 WCL Excavating L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00469 Cottage Street Custom Homes, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00471 Archer Western Contractors, LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00487 Melcar, Ltd. - Alleged violation of VA Code § 56-265.24; 20 VAC 5-309-150 (6) and 20 VAC 5-309-150 (8)
 URS-2014-00488 R C Hawkins Construction Co., Inc. - Alleged violation of VA Code § 56-265.17 A, 56-265.24 D and 56-265.24 E; 20 VAC 5-309-200
 URS-2014-00489 Super Concrete Co., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00490 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2014-00492 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-150 (4), 20 VAC 5-309-150 (6) and 20 VAC 5-309-150(8)
 URS-2014-00495 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00496 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A; 20 VAC 5-309-110 M
 URS-2014-00497 Fiber Optic Construction, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00498 Orwill Solutions, L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00499 Parking Lot Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00500 Hospitality Construction Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00503 Village Garden Center & Landscape Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00504 JES Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00505 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00507 Atlantic Clearing and Grading - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00508 New Technologies Construction Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00511 Judy Excavating, L.L.C. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00512 Kramer and Sons Plumbing Services, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00514 M&R Home Improvement, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00515 Fine Carpentry by Jon Lillyman & Company, L.L.C. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00516 Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)

URS-2014-00517 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00518 Parker's Concrete Services - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00520 Shoosmith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2014-00523 Jonathan Shazier - Alleged violation of VA Code §56-265.24 A; 20 VAC 5-309-150 (6) and 20 VAC 5-309-150 (8)
 URS-2014-00524 Miller Pipeline, LLC - Alleged violation of VA Code §§ 56-265.19:1 G and 56-265.24 A
 URS-2014-00525 RLP Systems, L.L.C. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2014-00526 Branscome Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00527 Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00528 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00529 Lee Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00530 N to N Fiber, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-150 (6) and 20 VAC 5-309-150 (8)
 URS-2014-00531 Palomos Garden Service - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00532 American Environmental, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00533 Pike Electric, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00534 Rock Hill Motors, Inc. t/a Car Credit Nation Front Royal - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00536 Plumbing Services by Pat, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-90 B 3 and 20 VAC 5-309-200
 URS-2014-00537 Coast to Coast Installations - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00538 P & B Landscaping - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00539 P and R Property Solutions, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00540 D.H.C. Corporation - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00542 TNT Electric - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00543 Elite Masonry Construction - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2014-00544 Walker's Plumbing Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00545 Interstate Truck Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00546 Foundation Sealers, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00548 JC Roman Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2014-00549 Grassroots Maintenance, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00550 CMC Concrete Construction Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00551 Freestate Electrical Service Company - Alleged violation of VA Code § 56-265.17 A
 URS-2014-00552 Nickelston Industries, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00553 R. Wendell Presgrave, Inc. d/b/a My Plumber - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00554 W. R. Hall, Inc. - Alleged violation of VA Code § 56-265.17 B 2 *et al.*
 URS-2014-00556 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00557 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00558 Peters and White Construction Company - Alleged violation of VA Code § 56-265.17 D *et al.*
 URS-2014-00559 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00560 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00561 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2014-00562 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2014-00563 NPL Construction Co. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2014-00564 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00002 Centerpoint Construction Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00003 Comcast Cable Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00004 Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00005 Drummond Electrical Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00006 Griggs Construction - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00007 Louis Smith Construction Co., Inc. - Alleged violation of VA Code § 56-265317 A
 URS-2015-00008 Moffett Paving & Excavating Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00009 New Five Stars Concrete Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00010 Pyramid Electrical Contractors, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00011 Robbins Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00012 Simco Construction Support Group - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00013 SS Corporation - Alleged violation of VA Code § 56-265.07 A *et al.*
 URS-2015-00014 Toro Concrete, Inc.- Alleged violation of VA Code § 56-265.17 A
 URS-2015-00015 W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00016 A & M Concrete Corp. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00018 Protech Service Company, Inc. - Alleged violation of VA Code § 56-265.17 D *et al.*
 URS-2015-00021 William B. Hopke Co., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00022 Noe Gomez - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00024 AireCare - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00025 Ashley Plumbing & Heating, L.L.C. - Alleged violation of VA Code § 556-265.17 A
 URS-2015-00027 D&F Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00028 Executive Electric, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00032 Jose Zelaya - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00033 Orlando Guerra - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00034 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00035 Prillaman & Pace, Inc. - Alleged violation of VA Code §§ 56-265.17 D and 56-265.24 A
 URS-2015-00036 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00037 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00038 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*

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URS-2015-00039 Robert Vargars - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00040 S. J. Conner and Sons Inc. - Alleged violation of VA Code §§ 56-265.17B.1 and 56-265.24 E
 URS-2015-00041 S. W. Rodgers Company, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00042 AllSite Contracting, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00043 L. F. Jennings, Inc. - Alleged violation of VA Code § 56-265.24 B *et al.*
 URS-2015-00044 Varsity Landscaping & Grounds, L.L.C. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (2)
 URS-2015-00045 Columbia Gas Of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00046 Virginia American Water - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00047 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00049 Southeast Connections LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00050 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00051 E. G. Middleton, Incorporated- Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (3)
 URS-2015-00055 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00056 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00057 Site Improvement Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00058 WB&E Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00059 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00060 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00062 A Grand Event - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00063 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00064 William Romero - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00065 Cardinal Green Landscaping, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00066 NOVAMAR Underground and Construction - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00067 Project & Construction Management Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00068 Stonee Masonry Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00069 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00071 Branscome, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00072 C. L. Garbee Construction Company, Inc. - Alleged violation of VA Code § 56-265.18 *et al.*
 URS-2015-00076 D. Morrow Enterprises, Inc. t/a About Concrete - Alleged violation of VA Code § 56-265.17A
 URS-2015-00077 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00079 Commonwealth Environmental Associates, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00080 Four Points Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00081 Village Landscapes & Irrigation, Inc - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00082 Blair's Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00083 Complete Underground LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00084 Blanco's Masonry, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00085 Botetourt Mulch & Landscape, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00086 Gibraltar Contracting LLC - Alleged violation of VA Code § 56-265.24 C
 URS-2015-00088 Dunamis Builders - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00089 Eugenio Pecina - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00090 Hall Mechanical & Associates, Inc. - Alleged violation of VA Code § 56-265.17 D
 URS-2015-00092 Henderson Construction Co. Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00094 R & F Metals, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00095 Standing Construction Corporation - Alleged violation of VA Code § 56-265.17
 URS-2015-00096 J. R. Caskey, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00097 ARA National Land Services, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00098 Arthur Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.2
 URS-2015-00099 KS Communication, Inc. - Alleged violation of VA Code § 56-265.17 D
 URS-2015-00100 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.2
 URS-2015-00102 PJ & T Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00103 Genuario Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00104 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00105 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00106 Secured Network Solutions, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00107 Shoosmith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.4
 URS-2015-00109 New Technologies Construction Inc - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00110 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.5
 URS-2015-00111 Resort Pools and Fences, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00112 River City Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00113 Roller Plumbing Concepts, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00114 All's Contracting Inc - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00115 Argosy Electric, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00116 Basic Construction Company, L.L.C. t/a Basic Construction Company - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.5
 URS-2015-00117 Cable Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00118 Classic City Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.3
 URS-2015-00119 David A. Nice Builders, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00120 Faulconer Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00121 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00122 Wallace Construction Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00123 James Fei Rear Corporation - Alleged violation of VA Code § 56-265.17 A

URS-2015-00124 JK General Contractor, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00126 Landworks, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00127 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.2
 URS-2015-00128 Michael & Son Services, Inc. - Alleged violation of VA Code §§ 56-265.24 A and 56-265.90.3.e
 URS-2015-00129 Moore's Electric & Mechanical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200
 URS-2015-00130 Peed Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.2
 URS-2015-00131 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00132 Branch Highways, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00136 SUI, Inc. t/a Signs Unlimited, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00137 USA Cable & Excavation, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00138 Quality Enterprises USA, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140.5
 URS-2015-00139 Trafford Corporation t/a Willbros T&D Services-East - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00141 Utiliquet, LLC - Alleged violation of VA Code Sections 56-265.19 A; 20 VAC 5-209-110 I
 URS-2015-00142 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00143 D. A. Foster Company - Alleged violation of VA Code § 56-265.17 A, 56-265.17 C, 56-265.18 and 56-265.24 A; 20 VAC 5-309-90 A
 URS-2015-00144 Barron Construction, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00145 Stamie E. Lyttle Company- Alleged violation of VA Code § 56-265.24 A
 URS-2015-00146 PJ & T Construction Inc. - Alleged violation of VA Code § 56-265.17 B 2 *et al.*
 URS-2015-00148 Fort Myer Construction Corporation - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00149 John H Morgal Plumbing - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00150 MCP Enterprises, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00152 Thomas Brothers, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00153 Ayala Boring Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00154 Bowman-Griffin General Contractors, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00155 Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.17 B 2 *et al.*
 URS-2015-00156 Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00157 Cash Excavating - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00158 Cecil Andrew Jobe - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00159 Complete Site Services LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00160 Davis H. Elliot Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00161 Denver Construction Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00162 Merino Landscaping & Tree Service - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00163 Mottern Masonry Design - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00165 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00166 Sagres Construction Corporation - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00167 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.18 *et al.*
 URS-2015-00169 Seabreeze Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00170 Waterway Plumbing Incorporated - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00171 A & M Concrete Corp. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00172 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00173 Sturt Footing & Masonry Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00174 Green Speed Energy Solutions - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00175 Davenport Builders, Inc. t/a Eddie Davenport Construction - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00176 J L Plumbing Service LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00177 Planet Plumbing L.L.C. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00178 M K Development & Investment LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00179 Toano Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00180 Barefoot Communications, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00181 Farrington Home Improvements LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00183 Montalvo's Professional Landscaping - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00184 New Technologies Construction Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00185 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00186 K. P. Glass Construction, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00187 Utiliquet, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00188 W. E. (Billy) Curling Welding Service, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00189 Verizon Virginia, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00190 S&N Locating Services, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00191 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00192 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00194 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00195 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00196 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00197 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00199 Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
 URS-2015-00200 Appalachian Natural Gas Distribution Company - Alleged violation of 49 C.F.R. §§ 192.199(e) *et al.*
 URS-2015-00201 Karen Hamilton v. Gamal Elnasseh - Petition for formal hearing.
 URS-2015-00202 C. T. Purcell Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2015-00203 Billy Elder - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00204 Jimmy Brill Hauling & Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00205 Dillon Sewer Service, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)

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URS-2015-00207 Tate's Plumbing Repair Service, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00209 Buhl Electric Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00210 Crockett Home Improvement - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00212 Innerview, Ltd. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00213 Landscaping For Less - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00215 Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00216 Property Service Group, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00217 Total Development Solutions, L.L.C. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (2); 20 VAC 5-309-140 (4)
 URS-2015-00218 Pike Electric, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00219 Washington Gas Light Company - Alleged violation of VA Code § 56-265.24 A and 56-265.24 E; 20 VAC 5-309-140 (3)
 URS-2015-00220 Secured Network Solutions, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00221 Astor Contractors, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00222 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00223 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00224 Boyer Landscapes, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00225 Infrasource Construction Service, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00226 Nelson Repair Service Incorporated t/a Nelson Repair & Maintenance Service - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00227 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00228 Universal Communications, Inc. - Alleged violation of VA Code § 56-265.18
 URS-2015-00229 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00232 G B Glass LLC - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (4)
 URS-2015-00233 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00236 Labroc Concrete Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00237 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00238 R. G. Construction Services, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00239 C. W. Wright Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00240 Toano Contractors, Inc. - Alleged violation of VA Code § 56-265.24A 20 VAC 5-309-140 (3)
 URS-2015-00241 Verizon Virginia, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00242 KCH Contracting, LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2015-00243 Trafford Corporation t/a Willbros T&D Services - East - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00244 Roadside Incorporated - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (4)
 URS-2015-00245 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00246 M & K Concrete and Construction - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00248 Roanoke Gas Company - Alleged violation of 49C.F.R. § 192.199(e), *et al.*
 URS-2015-00249 Ace Concrete Company II, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00250 Custom Ornamental Iron, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00251 Fence Me In, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00252 Layman Irrigation & Trenching - Alleged violation of VA Code § 56-265.14 A
 URS-2015-00254 Beach Groundworks, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00255 East Coast Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00256 Palm Tree Mart, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00257 Underground Solutions, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00258 Sergio Gomez - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00259 Taurus Contractors (Underground) LLC - Alleged violation of VA Code § 56-265.17 D
 URS-2015-00260 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00262 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00263 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00265 United Excavating & Land Development, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00266 Watkins' Painting & Construction, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00267 Jack St. Clair, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00268 NPL Construction Co. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00269 Premier Paving and Planting - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00270 Ruppert Nurseries c/o Ruppert Landscape, Inc. - Alleged violation of VA Code § 56-265.17 B 1 *et al.*
 URS-2015-00271 Telcom, LLC - Alleged violation of VA Code § 56-265.17 B 1
 URS-2015-00272 A-1 Sewer and Drain, Plumbing and Heating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00273 Adira Construction, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00274 Aegean Pools, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00275 Blue Ridge Mountain Electric, LLC - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00276 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00277 Global Services & Systems, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00278 Hourigan Construction Corp. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00279 Hylton Builders, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00280 Integrity Services, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00283 Reddick Quality Concrete Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00284 Acadia Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00285 All American Plumbers, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00286 Anchor Construction Corporation - Alleged violation of VA Code § 56-285024 C
 URS-2015-00287 Avon Corporation - Alleged violation of VA Code § 56-265.17 D
 URS-2015-00288 Custom Care Lawn & Property Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00289 D. A. Foster Company - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2015-00290 E. E. Lyons Const. Co., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00291 Kelvic Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00292 Affordable Septic, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00293 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00294 Fielder's Choice Enterprises, Inc. - Violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00295 Front End Express, LLC - Violation of VA Code § 56-265.17 A
 URS-2015-00296 J.R. Garcia Cable LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00297 Verizon Virginia LLC - Alleged violations of VA Code § 56-265.19 A
 URS-2015-00298 James Buck Plumbing & Heating, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00300 Hurricane Fence Co. - Violations of VA Code § 56-265.24 A
 URS-2015-00301 Prestige Acres Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00302 S.C. Rossi & Company, Inc. - Violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00303 M S Contracting, Inc. - Violations of VA Code § 56-265.17 B 1
 URS-2015-00305 Columbia Gas of Virginia, Inc. - Violations of VA Code § 56-265.19 A
 URS-2015-00308 Roy's Remodeling - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00309 Virginia Electric and Power Company - Alleged violation of VA Code § 56-257
 URS-2015-00311 MCC Acquisition, LC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00312 Shirley Contracting Company, LLC t/a Metro Earthworks - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00313 Rick's Grading & Excavating Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00314 Cascade Contracting, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00315 G B Glass LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00316 Laurel, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00317 Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00318 Corman Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00319 Southern Construction Utilities, Inc. - Alleged violation of VA Code § 56-265.17 D *et al.*
 URS-2015-00320 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00322 All Star Underground, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00324 Harnett Mfg. LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00326 Perkinson Construction, L.L.C. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00327 Utiliquist, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00328 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00330 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00331 G.L.Howard, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2015-00332 Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2015-00334 Minor's Fences, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00335 Sharpeson Services Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00337 Robert Odell - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00338 Trafford Corporation t/a Willbros T&D Services-East - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (4)
 URS-2015-00339 Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00341 DLB, Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2015-00343 Jr Construction & Concrete Technology Co. - Alleged violation of VA Code §§ 56-265.17 A, 56-265.24 D and 56-265.24 E; 20 VAC 5-309-200
 URS-2015-00344 DAVIS/Gilford Construction, A Joint Venture - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00345 New Design Stone Company - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00346 Jett Construction Services, L.L.C. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00347 Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00348 S. J. Conner and Sons Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00349 Kent Excavating, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00350 Southside Mechanical Services, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00351 Union Fence & Decks, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00352 W & W Custom Interiors - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00353 Ardon Enterprises LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00354 W. E. Brown, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00355 Arthur Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00356 A Murphy Fence Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00357 C. D. Hall Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00358 C. P. G., Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00359 Classic City Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00361 DeHaven's Masonry, Concrete and Excavating, L.L.C. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00362 Calfee Contracting, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00363 District Contractors, Inc. - Alleged violation of VA Code § 56-265.18; 20 VAC 5-309-180
 URS-2015-00365 E. E. Levri Construction, LLC - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00366 Delbert Pinner - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00367 Diamond Equipment Contracting Corp. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00369 E. Granville Wade Jr., Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00371 Diggs Electrical, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00373 Hurricane Fence Co. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00374 Level 3 Communications of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00376 Possie B. Chenault, Inc. - Alleged violation of VA Code § 56-265.18 *et al.*
 URS-2015-00378 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*

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URS-2015-00379 Terminix Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00380 W. E. (Billy) Curling Welding Services, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00381 Williams Corporation of Virginia t/a E. V. Williams Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00382 Great Falls Septic Service, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00383 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00384 Green Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00385 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00386 Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00388 Landscape Concepts of Fairfax, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
 URS-2015-00389 M & F Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00390 Madigan Construction Incorporated - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (3)
 URS-2015-00391 Promark Utility Locators, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00392 Resurface Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00393 Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00394 S. W. Rodgers Company, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (2)
 URS-2015-00395 Verizon Virginia LLC - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00396 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00397 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A *et al.*
 URS-2015-00398 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00400 Seed Homes, Inc. - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00401 Soils and Environmental Services, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00402 Fiber Technologies, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00403 Gaston Brothers Utilities, LLC - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (2)
 URS-2015-00404 Wrights Concrete LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00405 WA & J LLC t/a Goodman's Septic Tank Services - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00406 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00407 Perfect Plumbing LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
 URS-2015-00408 Bay Concrete Construction Company - Alleged violation of VA Code § 56-265.17 A *et al.*
 URS-2015-00410 Beau Knick Electric Plumbing & Excavating - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00411 The Collier Companies, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (2)
 URS-2015-00412 Dorin Landscaping, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00413 Atlantic Clearing and Grading Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00414 Diamond Custom Homes Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00415 The Yard Man - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00416 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00419 B & H Sales Corporation - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00420 Complete Underground LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00421 JES Construction, Inc. - Alleged violation of § 56-265.17 B 2
 URS-2015-00422 Installed Building Products II, LLC t/a Layman Brothers (Powhatan) - Alleged violations of VA Code § 56-265.17 A *et al.*
 URS-2015-00423 Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00424 Drain Wizard, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00427 Mickey Spady General Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00428 P.J. Cable Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00429 PJ & T Construction Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00431 Quality Enterprises USA, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00432 Robert Kash - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00433 Possie B. Chenault, Inc. - Alleged violation of § 56-365.24 A
 URS-2015-00434 B & C Concrete, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00436 Titans Construction Inc. - Alleged violation of VA Code § 56-265.17 B 1 *et al.*
 URS-2015-00437 The Collier Companies, Inc. - Alleged violation of § 56-265.24 A
 URS-2015-00438 Cornerstone Excavation, Inc. - Alleged violation of VA Code § 56-265.17 D
 URS-2015-00440 Cox Communications, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00441 Trafford Corporation t/a Willbros T&D Services East - Alleged violation of § 56-265.19 A
 URS-2015-00442 Cuco & Sons, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00444 D. L. George & Sons Construction Company - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00445 Atmos Energy Corporation - Alleged violation of § 56-265.19 A
 URS-2015-00446 JC Roman Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00447 K and B Builders Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00448 SAB Lawn & Landscaping, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00449 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00450 DCI/Shires, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00451 Simpson Garden Design, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00452 Linenfelser Contracting, Inc. - Alleged violations of VA Code § 56-264.24 A *et al.*
 URS-2015-00453 McGuire Plumbing & Heating, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00454 Advanced Landscape Solutions LLC - Alleged violation of VA Code § 56-265.18 *et al.*
 URS-2015-00455 Quality Electric Service - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00456 RSG Landscaping & Lawn Care, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00457 Soils & Drainfield Analysis of Virginia, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00458 Stadler Garden Centers, Inc. t/a Stadler Nurseries - Alleged violation of VA Code § 56-265.24 C
 URS-2015-00459 TBS Construction, LLC - Alleged violations of VA Code § 56-265.17 A *et al.*

URS-2015-00460 Townes, PC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00461 True Line Construction Company, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00462 W - L Construction & Paving, Inc. - Alleged violations of VA Code § 56-265.24 B *et al.*
 URS-2015-00463 Aaron J. Conner, General Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00464 C. S. Hines Incorporated - Alleged violations of VA Code § 56-265.17 A *et al.*
 URS-2015-00465 Colonial Plumbing & Heating Co. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00466 DLB, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00469 The Buddy Lee Company t/a Sprinkler Pros - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00472 Comcast Cable Communications, Inc. - Alleged violations of VA Code § 56-265.19 A *et al.*
 URS-2015-00473 Utiliquest, LLC - Alleged violations of VA Code § 56-265.19 A *et al.*
 URS-2015-00474 Verizon Virginia LLC - Alleged violations of VA Code § 56-265.19 A
 URS-2015-00476 Washington Gas Light Company - Alleged violation of C.F.R. § 192.199(e), *et al.*
 URS-2015-00479 All Jobs, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00481 Arrowhead Excavating, LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00482 Phillips Construction, LLC of KY - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00483 River Construction Company of Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00485 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00486 William A. Hazel, Inc. - Alleged violation of VA Code § 56-265.140.3
 URS-2015-00487 Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00488 CRM II, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00491 Patterson Brothers Paving, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00493 Richard L. Crowder Construction, Inc. - Alleged violation of VA Code § 56-265.24 C
 URS-2015-00496 Digs, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00497 Faulconer Construction Company, Incorporated - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00498 H. T. Bowling, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00499 Haynes Building & Excavation, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00500 Innovation Construction Concepts, Inc. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00501 Joe Bandy and Son, Inc. - Alleged violation of VA Code § 56-265.24B
 URS-2015-00502 S. W. Rodgers Company, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00504 Shoosmith Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00505 Slurry Pavers, Inc. - Alleged violation of VA Code §§ 56-265.24 A and 56-265.24 C
 URS-2015-00507 SJ Cable - Alleged violations of VA Code § 56-265.200 *et al.*
 URS-2015-00509 AllSite Contracting, LLC - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00510 Comcast Cable Communications, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00511 Cox Communications, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00512 D&F Construction, Inc. - Alleged violations of VA Code § 56-265.24A *et al.*
 URS-2015-00514 Green Acres Landscaping & Masonry, L.L.C. - Alleged violations of VA Code § 56-265.24 A *et al.*
 URS-2015-00516 JC Roman Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00517 Martin and Gass, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00518 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00521 Benchmark VA LLC Subsurface Utility Services, Formerly Accumark VA LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00522 East River Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00523 MASE Builders LLC - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00524 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00526 K. P. Glass Construction, Incorporated - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00527 Kjellstrom and Lee, Inc. - Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
 URS-2015-00531 PEG Bandwidth VA, LLC - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00533 Rhino Signs - Alleged violation of VA Code § 56-265.17B.2
 URS-2015-00534 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00536 Virginia Electric and Power Company - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200
 URS-2015-00537 Inlet Construction INC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (5)
 URS-2015-00538 JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.17 B.2 and 56-265.18; 20 VAC 5-309-180
 URS-2015-00539 Kevcor Contracting Corporation - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00540 Luxterra Electrical, Inc. - Alleged violation of VA Code § 56-265.24 A, 20 VAC 5-309-140(3)
 URS-2015-00541 Pro-Pave Incorporated - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00542 W - L Construction & Paving, Inc. - Alleged violation of VA Code § 56-265.24 B *et al.*
 URS-2015-00543 Verizon Virginia LLC - Alleged violation of VA Code § 56-265.319 A
 URS-2015-00547 Aria Energy, LLC - Alleged violation of 49 C.F.R. § 192.199(e) *et al.*
 URS-2015-00553 Mejia's Got It - Alleged violation of VA Code § 56-265.17 A
 URS-2015-00555 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00556 Construction Specialists, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00558 G. L. Howard, Inc. - Alleged violation of VA Code § 56-265.24 B
 URS-2015-00559 Heath Consultants Incorporated - Alleged violation of VA Code §§ 56-265.17A and 56-265.24 A; 20 VAC 5-309-200
 URS-2015-00561 United Excavating & Land Development, Inc. - Alleged violation of VA Code § 56-265.24 A *et al.*
 URS-2015-00562 Henkels & McCoy, Inc. - Alleged violation of VA Code § 56-265.19 A
 URS-2015-00564 Trafford Corporation - Alleged violation of VA Code § 56-265.18
 URS-2015-00566 Minors Fences, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00574 Columbia Gas of Virginia, Inc. - Alleged violation of § 56-265.19 A
 URS-2015-00579 Atlas Structural Solutions, Inc. - Alleged violation of VA Code § 56-265.24 A
 URS-2015-00580 Bissette Construction Corporation - Alleged violation of VA Code § 56-265.24 A *et al.*

URS-2015-00581 Branscome Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2015-00583 David R. Hall, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2015-00584 All American Plumbers, LLC - Alleged violation of VA Code § 56-265.24 D
URS-2015-00586 Ardent Company, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2015-00587 Premier Landscapes - Alleged violation of VA Code § 56-265.17 A
URS-2015-00603 Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A *et al.*
URS-2015-00611 Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
URS-2015-00615 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2015-00616 Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2015-00617 Perry Engineering Company, Incorporated - Alleged violations of VA Code § 56-265.24 A *et al.*
URS-2015-00620 W. C. Spratt Incorporated - Alleged violation of VA Code § 56-265.24 A
URS-2015-00622 Four Seasons, L. L. C. - Alleged violation of VA Code § 56-265.17 A
URS-2015-00623 Amorim Construction Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2015-00624 Arcadia Mobile Park, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2015-00629 J. L. Kent & Sons, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2015-00630 Norfolk Plumbing, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2015-00631 S&N Communications, Inc. - Alleged violation of VA Code § 56-265.24 A